

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Cross-Ownership of Broadcast Stations and	)	MM Docket No. 01-235
Newspapers	)	
	)	
Newspaper/Radio Cross-Ownership	)	MM Docket No. 96-197
Waiver Policy	)	

**COMMENTS OF GANNETT CO., INC.**

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## SUMMARY

The daily newspaper/broadcast cross-ownership rule, which bars common ownership of a broadcast station and a daily newspaper in the same market, should be repealed. For the past fifteen months, Gannett has owned Phoenix television station KPNX and *The Arizona Republic*, a daily newspaper, pending the outcome of the KPNX license renewal proceedings in 2006. Gannett's experience with a commonly-owned newspaper, television station and web site in Phoenix overwhelmingly demonstrates that the societal benefits of encouraging local news outlets to pool resources and invest in innovations have come to outweigh the speculative potential harm of newspaper/broadcast cross-ownership.

Common ownership of KPNX and *The Arizona Republic* has had no measurable impact on viewpoint diversity or economic competition in the market. Instead, common ownership has afforded Phoenix residents a host of benefits concomitant with bringing together the complimentary strengths of print, broadcast, and online media. Common ownership has expanded the volume of information communicated to Phoenix viewers/readers/users and improved the quality of news, particularly local news; public affairs programming; and community service. These improvements have not compromised the editorial autonomy of the participating entities. Gannett's experience with collaboration between separately owned media properties in other markets demonstrates that the types of consumer benefits realized in Phoenix cannot similarly be achieved through joint venture.

Sweeping changes to the media marketplace already have resulted in relaxation of ownership restrictions in other contexts. Online service providers, cable system operators and programmers, DBS providers, telephone companies and magazine publishers are generally free

to enter into combinations with radio or television stations or newspapers. The diversity of voices has multiplied beyond what anybody could have imagined in 1975, yet one rule remains unchanged—that barring newspaper/broadcast combinations. The restriction is unsupported by empirical evidence, and unfairly prevents newspaper publishers and broadcasters from utilizing their resources and expertise to provide more and better information services to the public in an arena that increasingly is characterized by convergence. Accordingly, it should be eliminated.

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**COMMENTS OF GANNETT CO., INC.**

**I. INTRODUCTION**

Gannett Co., Inc. (“Gannett”) files these Comments in response to the Order and Notice of Proposed Rulemaking (“NPRM”) released by the Federal Communications Commission (the “Commission” or the “FCC”) in the above-captioned proceeding.<sup>1</sup> The Commission committed in its June 2000 *Biennial Review Report* on broadcast ownership rules to initiate this rulemaking, and is required by Section 202(h) of the Telecommunications Act of 1996 to “repeal or modify any regulation it determines to be no longer in the public interest.”<sup>2</sup>

The daily newspaper/broadcast cross-ownership rule, which bars common ownership of a broadcast station and a daily newspaper in the same market, should be repealed. The specific examples provided herein of Gannett’s cross-ownership experience in Phoenix, Arizona, support repeal.

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<sup>1</sup> *In the Matter of Cross-Ownership of Broadcast Stations and Newspapers; Newspaper/Radio Cross-Ownership Waiver Policy*, MM Docket Nos. 01-235, 96-197, FCC 01-262 (rel. Sept. 20, 2001) (“NPRM”).

<sup>2</sup> *2000 Biennial Regulatory Review*, 16 FCC Rcd. 1207 (2001).

In 1975, when the current rule was adopted, most homes had access to fewer than six TV stations, no cable news networks and no Internet. In many markets, daily delivery of the *New York Times* was not available; CNN and *USA TODAY* did not exist. Today, however, the landscape is so competitive, the choices so varied, that media concentration in too few hands is no longer an issue.<sup>3</sup> Television and radio stations have proliferated. Large chains of weekly suburban papers have sprung up in many cities. Cable and satellite television compete with broadcast stations and newspapers. The Internet has emerged as a robust competitor to all traditional media outlets. The newspaper/broadcast cross-ownership restriction simply is no longer necessary to protect competition or diversity of information or viewpoint.

Indeed, the cross-ownership ban performs a disservice. In the face of increased competition from a plethora of media, newspapers subscriptions are declining and over-the-air television stations are attracting fewer viewers. At the same time, the public is demanding better, fresher, and more diverse news. Print and electronic media are converging into new hybrid forms that do not lend themselves to the broadcast/non-broadcast distinctions of the past. While it once was customary for companies in the business of disseminating news and selling advertising to define themselves along technological lines, conventional modes of delivery are undergoing profound change, and multimedia companies may now more appropriately be characterized by the types of content they offer than by the delivery mechanisms themselves.

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<sup>3</sup> Gannett and others that have consistently participated in proceedings concerning the newspaper/broadcast cross-ownership rule have amply demonstrated the proliferation of media outlets and other dramatic changes that have taken place in the media marketplace over the past 25 years. See, e.g., *In the Matter of 1998 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, *Comments of Gannett Co., Inc.*; *Comments of the Newspaper Association of America* (filed July 21, 1998).

Further, retention of the rule forestalls the numerous and significant public interest benefits that can accrue from the operational synergies and efficiencies created by the common ownership of a television broadcast station and a daily newspaper in the same market. As the *NPRM* notes, there are forty grandfathered newspaper/broadcast combinations in existence today,<sup>4</sup> four combinations that exist pursuant to permanent waivers of the newspaper/broadcast cross-ownership rule, and four combinations, including Gannett's Phoenix newspaper/television station combination, that exist pending the outcome of broadcast license renewal proceedings in 2005 and 2006.

The *NPRM* asks the public to provide specific information about the effects these combinations have had in their markets. Gannett is pleased to provide herein concrete examples of how the marketplace benefits from its common ownership of Phoenix's KPNX-TV ("KPNX") and *The Arizona Republic*.

As Chairman Powell has said, "the basis and form of media regulation is in dire need of being reinitialized. Much of the regulatory structure and analytical foundations that exist today were built around television and radio as it existed in the 'golden age.' The current rules, standards and principles do not take account of very dramatic changes in the media landscape."<sup>5</sup> Given the opportunity, Gannett's capabilities (as well as those of other daily newspaper publishers) can be utilized in the traditional broadcast realm to serve the public interest—without jeopardizing the editorial autonomy of, and vigorous competition between, the newspaper and broadcast entities involved. Accordingly, daily newspaper publishers should no longer be restricted from acquiring and operating

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<sup>4</sup> According to NAA, these include 15 TV/newspaper combinations, 22 radio/newspaper combinations, and 3 TV/radio/newspaper combinations.

<sup>5</sup> Kathy Bachman, *Consolidation Back on Track*, Media Week, (October 29, 2000) at 2.

broadcast stations in the same market. If allowed to cross promote and share resources, these media can enhance their news and public affairs content, attract new audiences, effectively compete, and better serve the public.

**A. About Gannett Co., Inc.**

Gannett is the owner of 22 broadcast television stations covering 17.7% of U.S. television households. The company publishes 97 daily newspapers in the U.S., including *USA TODAY* and suburban and neighboring city newspapers in many areas close to major cities. In addition, Gannett owns a variety of non-daily publications.

Gannett is strongly committed to attaining local news leadership at each of its print and television operating units. Virtually all of the company's broadcast stations air from four to six hours of locally oriented news each weekday. Gannett continues to invest heavily in upgrading news operations at its television stations. Consequently, in 19 of 19 markets, Gannett stations rank first or second in late news during major rating periods.

For many years, Gannett has maintained a firm corporate policy of assuring the editorial and journalistic autonomy of its newspapers and television stations.<sup>6</sup> Gannett believes that local autonomy is vital to its business success and to the responsiveness of its publications and television stations to local needs and interests. For example, in state and national elections, Gannett newspapers within a particular state or region and within the newspaper division as a whole frequently take differing or opposing editorial

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<sup>6</sup> In its 1975 decision adopting the cross-ownership ban, the Commission cited the fact that co-owned "print and [broadcast] outlets were [not] mirror images of one another, speaking with one voice," as an important factor saving numerous existing combinations from divestiture. *Amendment of Section 73.34, 73.240 and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard FM, and Television Broadcast Stations*, 50 FCC 2d 1046, 1089 (1975) (Second Report and Order) ("1975 Multiple Ownership Report"), *recon.*, 53 FCC 2d 589 (1975), *rev'd in part sub nom., National Citizens Comm. for Broad. v. FCC*, 555 F.2d 938 (D.C. Cir. 1977), *reinstated*, 436 U.S. 775 (1978).



positions on matters of public policy, candidate qualifications and the like. In the 2000 presidential election, 41 Gannett newspapers adopted editorial positions in support of Al Gore, while 37 newspapers supported George Bush (the others did not endorse any presidential candidate). At the state level, two Gannett New Jersey newspapers endorsed Bush and five endorsed Gore; in the 2000 U.S. Senate race, five endorsed the Republican candidate, while two endorsed the Democrat.

Similarly, *USA TODAY*, Gannett's flagship national newspaper, has, since its founding in 1982, maintained a strict policy of including the expression of views and positions which disagree with the ones advocated by its editors. These appear on the same day and on the same page as the counterpart *USA TODAY* editorials. Such a policy is important in *USA TODAY*'s view because it fosters a full and balanced discussion of national issues.

The creation, support and growth of *USA TODAY* effectively illustrates how the extensive resources of a major media company can be combined to produce a valuable new product that serves the public's ever-increasing demand for news and information. Many millions of dollars were invested in the *USA TODAY* start-up, drawing on resources and skills available only to a company with Gannett's broad pool of newspaper management and journalistic expertise. Those resources and skills were invaluable in making *USA TODAY* the success that it is.

In 2000, *USA TODAY* and Gannett Broadcasting launched *USA TODAY LIVE*, a multimedia venture that illustrates the kinds of consumer benefits achievable through convergence. *USA TODAY LIVE* involves production of the content of *USA TODAY* in electronic format and distribution to Gannett's television stations nationwide and to

<USATODAY.com>, the newspaper's web site. Gannett's 22 television stations have been able to draw upon the in-depth knowledge and analysis of *USA TODAY*'s reporters, and <USATODAY.com> has streamed audio and video to users nationwide.

Prior to 1997, Gannett owned radio stations in several major markets, but the company divested these radio stations largely because, in an era of rapidly consolidating radio station ownership, it could not expand its holdings in the numerous major markets where Gannett-operated daily newspapers—large or small, suburban or otherwise—would create regulatory conflicts. Similarly, Gannett's newspaper ownership often has precluded Gannett from expanding its television holdings, despite the fact that the company is nowhere near the 35% national ownership cap. Thus, Gannett is significantly affected by the prohibitions of the newspaper/broadcast cross-ownership ban.

#### **B. Gannett's Phoenix Newspaper/Television Combination**

On August 1, 2000, Gannett acquired Central Newspapers, Inc. ("CNI"). Phoenix Newspapers, Inc., previously a subsidiary of CNI, publishes *The Arizona Republic*. *The Arizona Republic* is the state's largest newspaper, with a daily circulation of 470,000 and 580,000 on Sundays. The CNI acquisition also included <azcentral.com>, a top web site in the state, with 21 million page views per month.

Gannett already owned KPNX, Mesa, Arizona, the NBC affiliate. Because KPNX's service contour encompasses *The Arizona Republic*'s city of publication, the newspaper/broadcast cross-ownership rule normally would bar the combination.<sup>7</sup> Pursuant to long-standing Commission policy, however, Gannett's Phoenix combination

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<sup>7</sup> 47 C.F.R. § 73.3555(d). For television stations, the service contour is the Grade A contour.

is permissible pending KPNX's license renewal filing in 2006.<sup>8</sup> Over the past fifteen months, Gannett has acquired first hand knowledge of the efficiencies and consumer benefits that can be achieved by common ownership of a local television station and a daily newspaper in the same local market. As Gannett's experience in Phoenix bears out, the resources and expertise of daily newspapers should—and do—play an integral role in the development of, and support for, new media and innovative services on traditional over-the-air television broadcasts.

## **II. GANNETT'S EXPERIENCE WITH COMMON OWNERSHIP OF A PHOENIX NEWSPAPER AND TELEVISION STATION PROVIDES A CONCRETE EXAMPLE OF THE BENEFITS TO BE ACHIEVED THROUGH REPEAL OF THE CROSS-OWNERSHIP BAN**

When the adoption of the newspaper/broadcast cross-ownership rule was debated, it generally was believed that “newspaper owners,” coming from a tradition of journalism rather than entertainment, set high standards of emphasis upon informative broadcasting with extensive news staffs and upon dedication to meeting community needs and advancing community projects.<sup>9</sup> The Commission expressly acknowledged that newspaper-owned television stations tended to be superior licensees in terms of locally oriented service and in terms of their ability to offer broadcast programming in the public

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<sup>8</sup> This policy permits a broadcaster acquiring a local daily newspaper to own both properties until the station's next renewal, or one year, whichever period is longer. *1975 Multiple Ownership Report*, 50 FCC 2d at 1076 n.25. The *NPRM* asks for comment on whether or not the retention policy that applies to acquisition of a newspaper by a broadcast licensee should be modified, including whether—should the Commission decide to shorten the length of time a licensee has to come into compliance after purchasing a newspaper—it should apply that criteria to existing combinations. *NPRM* at ¶50.

The Commission should not cause such undue disruption. To do so would be inequitable to broadcast licensees who have invested time and money and formulated their business plans based on existing policy, as well as detrimental to consumers, who would lose many of the benefits described herein. The *NPRM* provides insufficient notice that any new criteria would be applied to such combinations, as required by the Administrative Procedure Act (“APA”), 5 U.S.C. Sec. 551 *et seq.*

<sup>9</sup> *1975 Multiple Ownership Order*, 50 FCC 2d at 1047-49.

interest.<sup>10</sup> That general proposition remains unchanged. Indeed, in a recent question and answer session, Chairman Powell noted that it could be argued that newspaper/broadcast combinations actually promote the FCC's objective of localism because newspaper content is so locally oriented.<sup>11</sup>

Gannett's Phoenix operations provide an excellent setting to evaluate the effects of newspaper/broadcast common ownership. Gannett's experience illustrates that common ownership of KPNX and *The Arizona Republic* has had no measurable impact on diversity in the market. Common ownership has afforded Phoenix residents a host of benefits concomitant with blending the complimentary strengths of print, broadcast, and online media. As described in the attached Joint Declaration of Susan Clark-Johnson and Roger Ogden (*see Exhibit A*), the executives who oversee, respectively, Gannett's Phoenix newspaper and television station, Gannett has been able to combine the strengths of its television station, newspaper and web site in the Phoenix marketplace to gather and disseminate information in new ways to expanded audiences.

**A. Common TV/Newspaper Ownership Has Enhanced Phoenix Area News Coverage and Increased Community Service**

Common ownership of KPNX and *The Arizona Republic* has allowed Gannett to deliver more news, distribute it through new media, and treat subjects in more depth. Common ownership has enabled Gannett to take advantage of the assets of the newspaper and the assets of the television group to create a coordinated, far-reaching approach to issues of the day. In a market the size of Phoenix, for example, TV newsrooms typically

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<sup>10</sup> *Id.*

<sup>11</sup> *Media Rule Review Urged, Communications Daily* (October 24, 2001) at 2. Similarly, in his Separate Statement regarding the *1998 Biennial Review Order*, Chairman Powell expressed the belief that while there may be some "homogenization of news and information" were a local paper and local station to be combined, "one can equally imagine that the combined resources may allow for greater and more efficient coverage of local events than could not be covered by the two individually."

have 10 or so general-assignment reporters; newspapers normally have more than 100 reporters. Budgets are tight and staffing can only go so far. Through common ownership, however, newspaper reporters may have time to work on an element or dimension of the story television reporters would not have the ability to cover, and can talk about it on the air. The same reporters who appear on television can write for the newspaper or web site. The same video cameras that supply pictures for television newscasts can supply full motion video for online newspaper “viewers.”

The Joint Declaration details numerous specific examples of the ways in which common ownership of KPNX and *The Arizona Republic* has enhanced news coverage, particularly local news coverage. On September 11 and 12, for example, nine *Arizona Republic* reporters contributed throughout the local *12 News* break-ins to network coverage with reports about airport security, background on suspected local terrorism cells, and community reaction. The content of KPNX’s reports about the World Trade Center and Pentagon attacks was enhanced significantly because of the station’s access to the newspaper’s archives. In turn, KPNX offered sources and tips to *Arizona Republic* reporters that resulted in more comprehensive print coverage. The facility to upgrade coverage of an enormous breaking story like the terrorist attacks of September 11 across all delivery platforms, and to put the story in context for local viewers and readers, is but one example of the benefits Gannett has realized through common ownership of KPNX and *The Arizona Republic*.

More than 30 print reporters have participated in KPNX newscasts and special programs. KPNX reporters write special reports for print. All contribute to the web site, <azcentral.com>. KPNX’s *12 News* stories are promoted in the newspaper, and vice

versa. KPNX's *Call 12 for Action* problem-solving team has begun a bi-weekly column in print. KPNX's political coverage during the presidential election and inauguration featured the insight and expertise of *The Arizona Republic's* Washington bureau reporter and its editorial page editor. KPNX meteorologists offer a seven-day forecast on *The Arizona Republic's* weather page and contribute expertise to the paper's weather package. Sports coverage offers ongoing opportunities for collaboration.

Common ownership also has afforded many new opportunities to expand community involvement. By combining resources for the "Build Your Perfect School" project, KPNX, *The Arizona Republic* and <azcentral.com> gave depth and breadth to stories ranging from school security to the resource gap between poor and rich school systems. This civic journalism endeavor afforded viewers/users/readers the opportunity to voice concerns about the most critical issues facing Arizona schools, and the expanded reach of the combined media brought a "Town Hall" meeting, which attracted distinguished educators and government officials, to a large number of citizens.

Similarly, the combined resources fostered community involvement in a health care project called "The Battle to Breathe." Again, the individual strengths and combined reach of Gannett's television, newspaper and online properties in the Phoenix market promoted a more comprehensive health series about asthmatics than would otherwise have been possible, attracted participation by local hospitals, and gave viewers/readers/users greater flexibility in accessing information.

Through the Phoenix collaboration, Gannett has broadened consumer choice by increasing the quantity and diversity of news and information services available, expanded the volume of information that is communicated to the public, and improved

the quality of its news and public affairs programming. Readers and viewers have seen more depth, more texture, more heft. In Phoenix, Gannett has been better equipped to present them with the “whole picture,” something the public values.

Lifting the regulations that bar the types of newsgathering synergies evident in common ownership is particularly critical given the pervasive marketplace changes facing broadcasters. Today, news consumers want their news as it happens, but they also want more research and investigative probing. Single use stories or newscasts often cannot justify investment by a television station in the additional staff or cutting edge technologies necessary to provide such coverage. Today’s local newspaper/television combinations, unlike their predecessors in 1974, have the incentive to produce better local news because of growing opportunities for them to market that news via multiple media platforms. The transition to digital television, for example, has and continues to require Gannett and other television broadcasters to make substantial investments in new technology. By rewarding production of local news with increased revenue from multiple uses of the same production resources, allowing local newspaper/television cross-ownership may encourage more and better local service in the digital era.

**B. Gannett’s Common Ownership of KPNX and *The Arizona Republic* Has Diminished Neither the Autonomy of Their Newsrooms Nor Diversity of Viewpoint**

Although lacking any concrete factual basis, the Commission’s policy since 1975 has incorporated an assumption that program diversity will be jeopardized whenever one owner controls multiple local media outlets. Gannett’s experience in Phoenix, however, provides strong support for the opposite conclusion—that the public receives significant benefits from media cross-ownership in the form of expanded and diversified program

and content offerings —without compromising the editorial autonomy of the participating entities.

Common ownership of KPNX and *The Arizona Republic* has not diluted independent, diverse journalism. It has long been Gannett's strong belief that without good local journalism, the product will not be successful. Gannett's firm corporate policy of assuring the editorial and journalistic autonomy of the individual newspapers and television stations it holds across the country has been maintained in the context of its common ownership of a newspaper and a television station in the same market.

It is difficult if not impossible to merge the different journalistic and editorial disciplines associated with print and broadcast. Television journalists pride themselves on their ability to tell a story quickly and largely through pictures; print journalists generally consider themselves more probing "reporters." Moreover, journalists are, by nature, distrustful, territorial, and competitive. The natural instinct of each is to "scoop"—and electronic and print journalists have a long and spirited history in which neither would think of allowing a story to be broken before they, themselves, had the chance to tell it. Each has a devotion to editorial independence, since news trades on its credibility. The approach used to create a story, check the facts, and source the material may differ. Few newspaper, television and online reporters cover their daily beats together. Collaboration occurs primarily on breaking news and long-range stories, because, in these contexts, the news operations benefit most from shared expertise, shared resources, and access to expanded information.

Common ownership has not prevented Gannett's Phoenix newspaper and television station from covering each other with a critical eye. *The Arizona Republic* has



extolled the virtues of one of KPNX's television news competitors; similarly, KPNX vigorously covered allegations that the newspaper fabricated a story.

Commercial incentives also serve to protect the public's access to a variety of viewpoints from commonly owned media. The desire to attract the largest aggregated audience gives the owner an economic incentive to diversity the news and informational offerings of the two entities. Moreover, any imagined stranglehold on "viewpoint" has been broken by the advent of the Internet and breadth of multiple cable news offerings now available. The barriers to entry into the market for delivery of news and information entry are much lower than they were twenty five years ago, as evidenced by the plethora of online news sources that have sprung up in recent years. Significant and well-funded entrants into the market now provide both national and local news.

**C. Common Ownership of KPNX and *The Arizona Republic* Has Produced Tangible Economic Efficiencies**

Common ownership of KPNX and *The Arizona Republic* has created several operational efficiencies and synergies. KPNX and *The Arizona Republic* have shared newsgathering resources, technical support staff, and could share certain back office expenses such as accounting, marketing, and human resources functions.

Combining some of the most expensive aspects of newsgathering and production for television stations, newspapers, and web sites makes sense in a world of converging technologies. Newspapers and television stations, despite the technologies that have distinguished them from one another, are both valuable to the public for their ability to collect and deliver local news. The ability to equip and pay a single integrated news staff to produce local news for multiple uses could mean the difference between extinction and survival for some newspapers and television stations. For others, such integration could

encourage better, more comprehensive news coverage, in part by eliminating some of the duplication that comes from, for example, sending multiple crews to shoot the same story from slightly different camera angles. Competitive newspaper/television crews simply do not necessarily guarantee diversity of news coverage.

**D. Gannett's Newspaper/Television Combination Has Not Threatened the Highly Competitive Phoenix Marketplace**

The Phoenix market does not lack viewpoint diversity or strong economic competition. The Phoenix DMA is served by a host of separately owned, diverse and antagonistic media sources, including radio, television, cable, satellite, print and online media.<sup>12</sup> Nineteen television stations, with ten separate owners, and nearly 40 radio stations serve the Phoenix DMA. The cable penetration rate is 60%. Arizona has a direct-to-home satellite dish penetration rate of 21.3%. Numerous daily newspapers compete with *The Arizona Republic*, and the area also is served by nationally circulated newspapers such as *USA TODAY*, *The New York Times*, *The Washington Post*, and *The Wall Street Journal*. Magazine circulation figures demonstrate that a large number of local and nationally published magazines are available in the Phoenix area. The DMA also hosts nine daily and almost 50 weekly newspapers.

While the Phoenix market might lend itself to the FCC's traditional "number of voices" viewpoint diversity analysis, it has become increasingly clear that, given the aggregate number of media outlets through which the public can access information and programming nationwide, including outlets that have developed in just the last decade, there is little to no chance that a single entity can have an inordinate effect, in a political, editorial, or similar programming sense, on public opinion in *any* market. Moreover,

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<sup>12</sup> See Exhibit B, attached.

there is merit to the theory that where an entity owns more than one media outlet in a market, that party has a greater commercial incentive to air more diverse programming to appeal to all substantial interests, thus increasing rather than diminishing viewpoint and content diversity. Certainly, Gannett's Phoenix experience demonstrates that its commonly owned media outlets cannot realistically be considered a single "voice" in evaluating diversity.

Nor has Gannett's Phoenix combination had any adverse impact on economic competition in the market. Indeed, throughout the long history of the newspaper/broadcast cross-ownership rule, there has been almost no experience suggesting that such combinations would result in anticompetitive conduct. In fact, prior to Gannett's acquisition of *The Arizona Republic* in 2000, the combined local measurable advertising market revenue share of the two properties was 26.7% in 1998 and 27.1% in 1999. In 2000, the combined share actually decreased to 26.4%.

As stated above, although advertisers often use both newspapers and broadcast stations for their campaigns, the media are not interchangeable. The FCC has never been able to reach a definitive contrary conclusion. In the unlikely event that a newspaper/broadcast combination obtained undue market power, existing antitrust laws

adequately protect against any harm to advertisers or consumers.<sup>13</sup>

Moreover, although newspapers and broadcast stations each provide news, they do so in entirely different formats. Each medium has its own particular merit, and when the public really wants its news, it will turn to broadcast, print and now, the Internet, to gather what it needs: immediacy and live photography from television, comprehensive analysis from newspapers, and frequent updates and endless links from the Internet.

#### **E. Common Ownership Has Resulted in Advertiser Benefits**

Common ownership has resulted in notable advertiser benefits. Convergence facilitates the development of a consistent media campaign, content targeted to the advertiser's particular market, and streamlined design and production. "One-stop shopping" saves advertisers time and resources. Utilizing a multimedia approach draws upon the strength of each medium and combines them in new ways, and Gannett's Phoenix advertisers have responded positively.

### **III. THE PUBLIC INTEREST BENEFITS TO BE ACHIEVED THROUGH CROSS-OWNERSHIP CANNOT SIMILARLY BE ACHIEVED THROUGH JOINT VENTURE**

Gannett's experience in Phoenix stands in stark contrast to the collaborations it has pursued in other markets where the cross-ownership ban has precluded it from owning a television station and a newspaper. Gannett personnel who have participated in such ventures believe that combining the resources of broadcast and print properties

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<sup>13</sup> In this regard, however, it should be noted that the courts consistently have found that broadcast and print media compete in distinct product markets. In the most recent Department of Justice challenge to a merger between newspapers, the court expressly found two markets: a market for readers and a market for the sale of advertising. *Community Publishers, Inc. v. Donrey Corp.*, 892 F.Supp. 1146 (W.D. Ark. 1995), *aff'd*, *Community Publishers, Inc. v. DR Partners*, 139 F.3d 1180 (8th Cir. 1998). The court rejected the notion that newspapers and broadcast outlets compete in either market. With respect to the market for readers, the court found: "Radio news and television news are poor substitutes for local papers." 892 F. Supp. at 1155. With respect to the advertising market, the court found that print and electronic media are complementary products—not competing ones. *Id.* at 1156.

creates added value for the consumer. In each case, however, Gannett has faced substantial obstacles not encountered in Phoenix, because of the separate ownership of the properties.<sup>14</sup>

For example:

- Joint ventures make it more critical—and more difficult—to create a system of accountability to ensure that each side is contributing and using the content provided in the manner in which the parties have agreed.
- When stations or newspapers change hands or alter management, relationships and objectives inevitably shift and revert back to “square one.”
- In a non-commonly owned collaboration, the diverse cultures of print and broadcast impede achieving any of the sizable benefits associated with combining the resources of the broadcast, print and online media.
- Where the company cultures do not share a common vision of accountability for good journalism, there are few opportunities for the types of candid, amicable discussions necessary to overcome these differences in the interest of bringing the best story to the public.

Gannett newspapers that have collaborated or attempted to ally with local television or radio stations owned by another entity cite similar impediments. In one instance, for example, a Gannett newspaper sought to include news photographs on its collaborator’s television newscast, but the television station lacked the technical capability to do so. Had the properties been commonly owned, shared graphic expertise would readily have overcome the problem. Others note that different companies stand at different points on the convergence learning curve, making collaboration difficult if not impossible.

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<sup>14</sup> In response to the Commission’s *1998 Notice of Inquiry*, Gannett submitted the attached study prepared by Charles River Associates Incorporated. (see Exhibit C). The study finds that consumers benefit more from common ownership than from joint venture. It concludes that the Commission’s cross-ownership rule is preventing local daily newspapers and broadcast stations from combining resources and information in the most effective manner. The study underscores that joint ventures face significant structural handicaps.

Gannett's television stations in Tampa, Jacksonville, and Knoxville have participated in cross-promotional activities, and shared news and sports coverage with local newspapers. These experiences show that benefits achieved through joint venture fall far short of those possible through common ownership.

- **Tampa** - Gannett's WTSP-TV has allied with *The St. Petersburg Times*. The collaboration has produced certain benefits—joint publication of a hurricane guide for the Tampa/St. Petersburg region, for example. However, it has been difficult for the parties to overcome negotiating frictions and to effectively combine resources to better serve the community. The news operations, lacking the shared vision and accountability inherent in common ownership, have difficulty seeing the “big picture” and are uncomfortable sharing story resources. When the television station received a tip recently on a security breach at Tampa International Airport, it did not offer the story to *The Times*, which might have provided follow-up coverage of incremental value to viewers. Similarly, *The Times* did not share with the station information it had concerning a convicted sex offender being released from prison. Without common ownership, it has been difficult for the parties to agree on common objectives, and to compromise to reach those objectives.
- **Jacksonville** - Gannett stations WTLV and WJXX are in the early stages of a multi-year effort with the *Times-Union*, owned by Morris Communications Corporation. As in Tampa, while the newspaper and the stations share certain reporters and web site content, the two cultures typically remain very guarded. There have been struggles about how to get capital approved for the equipment necessary to further the relationship; the two sides have not been able to agree on how best to combine marketing and sales efforts.
- **Knoxville** – Gannett's WBIR-TV has entered into an alliance with the local Scripps-Howard paper, *The Knoxville News Sentinel*. Again, there have been significant limitations, primarily because of a lack of shared vision and leadership. For example, there is little cooperation on breaking news, and a reluctance to share material. Moreover, establishing mutually acceptable budgets is time consuming and often contentious.

In Phoenix, common ownership has resolved many if not all of the difficulties listed above. With common ownership comes a shared vision of how operations should be conducted in ways that will benefit the entire company. The problem of withholding or misrepresenting private information is minimized. Costly and protracted negotiations

are eliminated. It is far easier to create incentives for participants because they are part of a common firm with a common objective. Where individuals feel a responsibility to the same group, it is easier for them to adopt a “team player” mentality about certain issues.

In short, experience has taught that the alliances established absent common ownership are, for the most part, rudimentary, tenuous, frustrating, and more functional than symbiotic. Under common ownership, the end result of cooperation between Gannett’s Phoenix television, newspaper, and online properties has been far superior to the sum of each medium’s contribution. Without common ownership, lack of shared vision, conflicting management styles, incompatible business philosophies or any number of variables may serve to thwart the desirable “1 + 1 = 3” outcome.

#### **IV. THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP RULE PLACES A SUBSTANTIAL RESTRICTION ON GANNETT’S ABILITY TO PROVIDE COMPETITIVE AND DIVERSE BROADCAST VOICES IN MANY MARKETS**

Gannett exited the radio business largely because of the cross-ownership rule. The company’s ability to expand in television is severely hampered. Thus, the existence and inflexible enforcement of the ban disserves the public interest by effectively (and arbitrarily) limiting the pool of potential owners and excluding qualified operators, such as Gannett, who possess the interest, experience and resources to provide vigorous competition in the broadcasting arena and to offer effective new and alternative services.

In many major markets, the rigid bar to Gannett’s ownership of broadcast stations arises solely because of its ownership of a distant or suburban newspaper whose potential influence on the entire broadcast station service area is extremely limited. Yet, the newspaper/broadcast cross-ownership rule as currently enforced recognizes no policy distinctions whatsoever between a small suburb or neighboring city whose newspaper

circulation is confined to a narrower area far removed from the broadcast station's city of license. The lack of distinctions in the broad geographic coverage of the rule thus leads to unnecessarily draconian and wholly arbitrary results, particularly when residents of those suburban areas have available to them a wide variety of media outlets, as is now commonly the case.

Gannett's newspapers in the Westchester County suburbs of New York City illustrate this unduly restrictive consequence of the current newspaper/broadcast cross-ownership rule. The daily circulation of *The Journal News* (144,309)<sup>15</sup> is a mere 1.2% of the total television households in the New York City market (approximately 12 million).<sup>16</sup> However, because the Grade A contours of many television stations in the New York City market encompass most of Westchester, the newspaper/broadcast cross-ownership rule effectively prohibits Gannett from acquiring one of the television stations in this market.

The arbitrariness of the current rule is further demonstrated by Gannett's experience in the Los Angeles and San Francisco, California DMAs. In both markets, Gannett holds a minority interest in a general partnership that owns several outlying daily newspapers. Nevertheless, this minority interest prevents Gannett from owning a television station in either the San Francisco or Los Angeles markets.

Even in cases where a persuasive public interest basis for obtaining a waiver of the rule might theoretically be applicable, Gannett's opportunity to purchase a broadcast station will be barred in most cases by the typical seller's reluctance to deal with a party

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<sup>15</sup> 2000 Annual Report, Gannett Co., Inc., at 71.

<sup>16</sup> Warren Publishing, 2001 Television & Cable Factbook at A-859.



whose ability to secure FCC consent would be delayed and cast in substantial doubt by the necessity to seek a waiver.

Finally, as an added benefit, permitting common ownership of suburban newspapers and major market television stations, for example, would in many cases provide those newspapers with the additional resources to compete more vigorously across the market with entrenched major city newspapers.

**V. THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP RULE CANNOT BE MAINTAINED GIVEN THE BIENNIAL REVIEW MANDATE OF THE 1996 ACT**

The Telecommunications Act of 1996 charged to Commission with conducting a biennial review of its broadcast ownership rules and eliminating or relaxing any regulation that does not serve the public interest.<sup>17</sup> As the Commission stated when it adopted the rule “[t]he Commission is obliged to give recognition to the changes which have taken place and to see to it that its rules adequately reflect the situation as it is, not was.”<sup>18</sup>

Sweeping changes to the media marketplace already have resulted in relaxation of ownership restrictions in other contexts.<sup>19</sup> Online service providers, cable system operators and programmers, DBS providers, telephone companies and magazine publishers are generally free to enter into combinations with radio or television stations or newspapers. The diversity of voices has multiplied beyond what anybody could have imagined in 1975, yet one rule remains unchanged—that barring newspaper/broadcast

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<sup>17</sup> 2000 Biennial Regulatory Review Report, 16 FCC Rcd. 1207 (2001).

<sup>18</sup> 1975 Multiple Ownership Report, 50 FCC 2d at 1078.

<sup>19</sup> See, e.g., Review of the Commission's Regulations Governing Television Broadcasting, 14 FCC Rcd 12903 (1999) (“1999 Television Ownership Order”).

combinations. The restriction is limiting the ability of broadcasters and newspaper publishers to compete vigorously in an arena that increasingly is characterized by convergence.

The FCC's responsibility to eliminate the newspaper/broadcast ownership rule is particularly clear given that the rule has never been supported by empirical evidence. As the D.C. Circuit emphasized in its recent decision concerning horizontal and vertical cable ownership caps, the agency has a duty to "draw reasonable inferences based on substantial evidence."<sup>20</sup> Thus, if the FCC is to maintain the rule, it must establish a clear link between the ownership restriction and its asserted diversity objectives. This the Commission cannot do. Even in the markedly different era in which it adopted the rule, the FCC was unable to provide any concrete evidence that the newspaper/broadcast cross-ownership ban would in fact enhance diversity in the media marketplace. Instead of empirical evidence, the Commission offered only the broad observation that licensing newspaper owners to operate broadcasting stations "is not going to add to already existing choices, is not going to enhance diversity."<sup>21</sup> This reasoning plainly reflects the agency's unproven assumption that greater diversity in ownership will translate, automatically, into greater diversity in programming content. Like the cable ownership limits at issue in *Time Warner*, the regulation was adopted without compiling a substantial record of "tangible benefit, or tangible harm."<sup>22</sup> Thus, it should be repealed.

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<sup>20</sup> *Time Warner Entertainment v. FCC*, 240 F.3d 1126 (D.C. Cir. 2001)

<sup>21</sup> *Id.* at 1133.

<sup>22</sup> *Id.* at 1059.

## VI. CONCLUSION

As Chairman Powell has stated with regard to cross-ownership and other regulatory rules, the FCC must “validate the purpose of the rule in a modern context or eliminate it.”<sup>23</sup> Information companies are heading toward a new media world in which instant news and streaming video supplement print and broadcast offerings. We are at a critical juncture. The Commission must look to the future, not the past. The newspaper/broadcast cross-ownership ban no longer serves the public interest. The rule is “extremely prohibitive”<sup>24</sup> and is no longer relevant given the rapid rise of cable, satellite and the Internet. The existence of the rule unfairly prevents newspaper publishers and broadcasters from utilizing their resources and expertise to provide more and better information services to the public.

As newspapers and television stations carve out a competitive niche in the evolving information marketplace, the societal benefits of encouraging local news outlets to pool resources and invest in innovations have come to outweigh the speculative potential harm of newspaper-broadcast cross ownership. In Phoenix, common ownership of a television station, a newspaper and a web site has allowed diverse platforms to cross-pollinate and share resources. For the viewers, readers and Internet users, it translates to news when, where and how they want it, and has improved the journalism, particularly the local coverage, of all the properties. Gannett’s media outlets in Phoenix have been

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<sup>23</sup> Opening Statement of Federal Communications Commission Chairman Michael K. Powell Before the Subcommittee on Telecommunications and the Internet of the House Committee on Energy And Commerce, March 29, 2001.

<sup>24</sup> 1998 Biennial Regulatory Review - Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, MM Docket No. 98-35, Report, 15 FCC Rcd 11058 (2000) (Separate Statement of Commissioner Michael K. Powell).

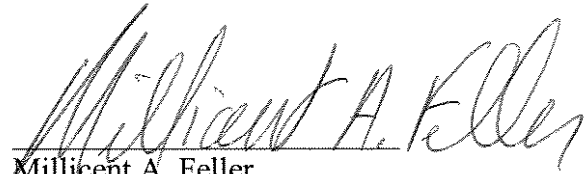
able to make their end product much more interesting, and better oriented to readers and viewers. Conversely, there has been no harm to the Commission's stated interests in preserving competition and diversity of viewpoint.

Accordingly, the Commission should eliminate the newspaper/broadcast cross-ownership rule and give newspaper owners and broadcasters the freedom to compete more effectively in today's multi-channel, multi-outlet world.<sup>25</sup>

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<sup>25</sup> In this regard, Gannett endorses the Comments filed concurrently in this proceeding by the Newspaper Association of America (the "NAA").

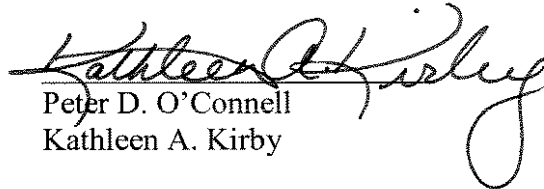
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Millicent A. Feller". The signature is fluid and cursive, with the first name being the most prominent.

Millicent A. Feller  
Senior Vice President,  
Public Affairs and  
Government Relations

David P. Fleming  
Senior Legal Counsel

GANNETT CO., INC.  
7950 Jones Branch Road  
McLean, VA 22107

A handwritten signature in dark ink, appearing to read "Kathleen A. Kirby". The signature is cursive and somewhat stylized, with the last name being the most prominent.

Peter D. O'Connell  
Kathleen A. Kirby

of

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Its Attorneys

December 3, 2001

**EXHIBIT A**

**JOINT DECLARATION OF**  
**SUSAN CLARK-JOHNSON,**  
**CHAIRMAN AND CEO OF PHOENIX NEWSPAPERS, INC.**  
**AND**  
**ROGER OGDEN,**  
**SENIOR VICE PRESIDENT, GANNETT TELEVISION**

**JOINT DECLARATION OF  
SUSAN CLARK-JOHNSON AND ROGER OGDEN**

As Chairman and CEO of Phoenix Newspapers, Inc., publisher of *The Arizona Republic*, and Senior Vice President of Gannett Television with oversight of the Phoenix, Denver, Cleveland, Jacksonville and Atlanta stations, respectively (see Biographies, Attachment 1), we provide this joint statement to explain the working relationships between commonly owned newspapers and broadcast stations as reflected in our recent experience with Gannett Co., Inc. ("Gannett") in the Phoenix, Arizona market. On behalf of the newspaper and Gannett station KPNX-TV ("KPNX"), we have had primary responsibility for developing joint uses for the resources of Gannett's broadcast, print, and Internet properties in the Phoenix market over the past fifteen months.

In August 2000, Gannett acquired Central Newspapers, Inc. ("CNI"), including *The Arizona Republic* and the web site <azcentral.com>. At that time, Gannett already owned KPNX, the NBC affiliate in Phoenix. *The Arizona Republic* is Arizona's largest newspaper, with a daily circulation of 470,000 and 580,000 on Sundays. KPNX is the state's leading television station, reaching more than 1.2 million homes each week. Current FCC policies permit the KPNX/*Arizona Republic* combination to exist until the KPNX license renewal filing in 2006.

Before explaining the specific benefits that have accrued from the collaboration between Gannett's broadcast and newspaper properties in Phoenix, we believe it important to explain Gannett's philosophy regarding convergence. The intent of the Phoenix collaboration was never simply to duplicate stories that appear in the newspaper on television (or vice versa). Rather, our premise is that bringing together the strengths

of each separate medium—broadcast, print, online—will foster new and incremental benefits to our viewers, readers, and users. In other words, convergence should enable us to use the strengths of each medium to add value to how we convey our news stories. The daily newspaper provides depth and context, TV adds real-time video and emotion, and online provides utility and powerful databases.

Our experience with this new way of doing business convinces us that it works.<sup>1</sup> Common ownership of a television station and a newspaper in the same market can indeed produce novel benefits to the consumer. Should the Commission maintain the current restrictions on cross-ownership, the resources we have utilized successfully in Phoenix to provide more meaningful local news would be greatly diminished. It is our judgment that, from a news and public affairs perspective, coverage of issues of local import can be improved by bringing together the multiple resources found in common ownership.

As noted above, following Gannett's acquisition of *The Arizona Republic* and <azcentral.com>, we undertook to find ways to share resources and extend the reach and impact of KPNX, the newspaper and the web site. We have had significant successes.

In June 2001, for example, *Arizona Republic* staffers made more than 100 appearances on *12 News* and KPNX staff members wrote special reports for print. All contribute to the web site. *The Arizona Republic/12 News/<azcentral.com>* consistently refer to each other, alerting viewers/readers/users to the diversity of strengths available through the different media. The newspaper and web site use TV weather data and call

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<sup>1</sup> Prior to its acquisition of *The Arizona Republic*, KPNX tried unsuccessfully to engage in joint activity with the newspaper, attempting to collaborate, for example, on the charitable "Season for Sharing" campaign and other community endeavors. Competing cultures made such collaboration difficult.



upon the expertise of *12 News* meteorologists. What follows is a description of our experience with resource sharing over the past fifteen months, an experience we believe demonstrates the significant benefits to be achieved through repeal of the Commission's newspaper/broadcast cross-ownership prohibitions.

### **Improved Local News Coverage and Community Service**

The primary objective of our Phoenix convergence strategy has been the provision of more balanced, in-depth local news to citizens. Common ownership of television and newspaper properties in the same market has enabled Gannett to develop a style of comprehensive issue coverage where the strength of each medium contributes to deep, rich presentations that include context, analysis, service to community, and effective calls to action. The news services and products provided through cross-ownership have centered primarily around topics of overriding interest to our common audiences—education, business news, sports, breaking news and civic journalism initiatives. The examples that follow serve to illustrate the enhanced local news/public affairs coverage Gannett has been able to offer to the Phoenix community as a result of cross-ownership and resource sharing.

1. On September 11 and 12, nine *Arizona Republic* reporters contributed throughout the local *12 News* break-ins to network coverage with reports about airport security, background on suspected local terrorism cells, and community reaction. The content of KPNX's reports about the World Trade Center and Pentagon attacks was enhanced significantly because of the station's access to the newspaper's archives. In turn, KPNX offered sources and tips to *Arizona Republic* reporters that resulted in more comprehensive print coverage.

2. Joint coverage of the November 2000 general election started with explanations of Arizona's many ballot initiatives. Like many western states, Arizona's citizens make law at the ballot box with citizen-sponsored "propositions" that cover a wide range of issues. In November 2000, the ballot-based legislation included proposals to raise sales taxes to increase teacher salaries; to end bilingual education in the state; to limit and manage development to preserve natural habitat; and to create a tourism tax to fund construction of stadiums for football and spring training baseball. While KPNX's *12 News* traditionally has aired stories about election issues, the station simply has not had the staff and expertise to research and deliver these stories at a level as comprehensive and personal as could be provided by a daily newspaper. Our joint efforts gave each medium the opportunity to examine the issues thoroughly, both before and during the election. First, television coverage of the key issues included references to the unique and complimentary aspects of newspaper and online coverage. Second, *The Arizona Republic* editorial staffers who were assigned to research and write about each item offered their knowledge and insight through broadcast interviews on KPNX's morning news programs. Third, *The Arizona Republic's* Editorial Page Editor, Keven Willey, joined the *12 News* election night broadcast team. Her expert issue analysis complimented broadcast coverage of returns and reaction from the various campaign headquarters. When presidential coverage shifted to disputed electoral vote counts in western states like Arizona, California, New Mexico and Utah, Keven provided inside information from the precinct-level where *Arizona Republic* staffers were gathering details on the vote. As the presidential election dispute dragged into December, Keven made frequent appearances on *12 News* morning shows to explain the process to viewers.

3. Independent viewer and reader surveys consistently have identified business and consumer affairs as important aspects of local news coverage. Prior to Gannett's purchase of *The Arizona Republic*, KPNX relied on business reporting from the weekly *Arizona Business Journal*, part of the Business Journal chain. The *Business Journal* reporter was not committed exclusively to *12 News*, which required her to juggle multiple broadcast commitments with print and online duties. After Gannett acquired *The Arizona Republic*, the newspaper assigned a business reporter to KPNX. *The Arizona Republic's* reporter delivers live headlines and analysis for morning and midday newscasts, contributes ideas for evening broadcasts and reports "packaged" stories for weekend newscasts. As a result of joint ownership, therefore, the print collaborator's level of commitment to KPNX business and consumer affairs reporting has increased dramatically, and KPNX has been better able to serve its viewers' stated needs.

With regard to consumer news, KPNX's well-established "Call 12 For Action" features, seen daily at 6 p.m., were repurposed as a weekly "Ask Call 12 For Action" column in *The Arizona Republic* and on <azcentral.com>. "Call 12 For Action" involves consumer service and problem solving at the grassroots level—its volunteer-staffed phone banks have recovered thousands of dollars for consumers by mediating complaints with businesses small and large. In readership surveys, this type of service was identified as a so-called "wedge" (or high interest) issue. Using its relationship with *12 News*, *The Arizona Republic* was able to use "Call 12 For Action" to help its readers work through customer service dilemmas and alert them to potential problems and trends.

4. Our research also indicated that Phoenix residents consider education issues to be vitally important. To better address these issues, Gannett's Phoenix television station

and newspaper collaborated on two levels: through weekly coverage at the classroom level and, on a larger scale, through a major project entitled "Build Your Perfect School." The *12 News* Local Schools Team worked with *The Arizona Republic's* education staff to produce wide ranging and coordinated weekly print and broadcast reports. Among the important stories produced for broadcast, in print, and online were school security, standardized testing, parent-teacher relationships, and the resource gap between poor and rich school systems. The *12 News* television reports aired every Tuesday, directing viewers to an expanded version of the topic in the next day's *Arizona Republic*, as well as the supplemental information available at <azcentral.com>.

We asked viewers, readers, and web site users to talk with us about what works in Arizona schools, what doesn't, and what should be done about it. Through this program, we collaborated to offer the community an integrated voice in how to create change and improve our public education system. We invited viewers/readers/users to participate in small group discussions on education in their homes, community centers and neighborhoods. The "Build Your Perfect School" project took us out of our traditional role as observer and chronicler of events and into the realm of active facilitator for the public agenda. We gave viewers and readers the tools to join civic life, challenging them to come out of their homes and into their communities, and to forge policy.

We received more than 1,000 well thought-out suggestions about the most important issues facing Arizona schools. The project culminated in a Town Hall meeting on October 23, 2001 at Cesar Chavez High School. We invited the people who had participated in Perfect School discussion groups, as well as the general public. Those who attended asked very direct questions of our panelists: Governor Jane Hull; State

Superintendent of Education Jaime Molera; Senate Education Chairman Ken Bennett; Penny Kotterman, head of the Arizona Education Association; and Dr. Paul Mohr, superintendent of the Phoenix Elementary School District.

Jineane Ford of *12 News* and *The Arizona Republic*'s Keven Willey moderated the Town Hall. At the Town Hall, we released the results of our months long "Build Your Perfect School" project. The program was broadcast on KPNX at 8 a.m. the following Sunday, the same day the newspaper wrapped up our coverage in its Viewpoints section.

5. In February and March 2001, *The Arizona Republic*, *12 News* and <azcentral.com> collaborated on an in-depth health series about the 316,000 Arizonans who suffer from asthma in a state once promoted as a haven for asthmatics. The newspaper published a five-day series, the web site featured recorded interviews and animated graphics, and KPNX aired original stories in connection with the coordinated project.

We got the community involved as well. "The Battle to Breathe" project included our joining the Arizona Asthma Coalition and eleven Valley hospitals in sponsoring a free asthma screening day in which 1,500 people had their breathing problems evaluated by health-care professionals and received advice for follow-up care. The web site received 3,000 page views in one day, including messages and visits to a bulletin board where people submitted questions about their conditions and had them answered by a doctor.

6. In June 2001, *The Arizona Republic*, *12 News* and <azcentral.com> collaborated to provide consumers with news and information about the monsoon season,

the most dangerous Arizona weather period of the year. Each year, during the summer, monsoons strand motorists in flooded Valley washes, leave homeowners without power and cause millions of dollars in property damage. To advance the joint coverage, *The Arizona Republic* published a 12-page section that included not only introductory information relevant to newcomers to the area but also facts about the hazards and havoc the annual storms bring. The section included staff-written stories as well as a Q&A by *12 News* meteorologists Joe Moreno and Sean McLaughlin. The web site, <azcentral.com>, featured a slide show of the best *Arizona Republic* staff photos of lightning and dust storms from the monsoon and posted a message board for readers to share their experiences in monsoon storms. The newspaper made references to a *12 News* half-hour prime time special report that would air that night, in which McLaughlin and Moreno reported on the science of monsoons.

KPNX received an 8 rating for its broadcast, while *The Arizona Republic*'s single-copy sales saw a 2,000 increase on the morning the section was published. Most important, Valley residents were educated and warned about the upcoming monsoon season, possibly helping to save lives. The multi-media coverage also helped the Flood Control District accomplish its goal of preventing floods and keeping residents safe from the effects of storm water. The Flood Control District formally recognized the project as "Outstanding Safety Coverage" and has expressed the belief that because of the combined television/newspaper/online effort, we did more to promote their mission and save lives than they could have done in 10 years.

7. In September 2001, we undertook a joint reporting effort called "Dying to Work." This special report was prompted by a tragedy in the desert near Yuma, when 11

Mexican immigrants died of thirst and exposure after being abandoned by so-called “coyotes,” smugglers of human cargo. During the coverage, both KPNX and *The Arizona Republic* provided on-scene, independent reporters. Beginning immediately after the event, a team of *Arizona Republic* reporters traveled nationwide to examine the U.S. labor market that is driving Latin American immigration. Meanwhile, *12 News* photojournalists and producers blanketed the Arizona-Mexico border to chronicle the dangerous crossing. The resulting collaborative journalism included a special report in a Sunday edition of *The Arizona Republic*, reporting on KPNX that included video packages as well as interviews with *Arizona Republic* reporters and state immigration experts, as well as an online audio/video component. KPNX could not have tackled such a multi-faceted issue on its own—one that required extensive in-depth reporting and that reached so many different media consumers—prior to Gannett’s acquisition of *The Arizona Republic*.

8. After the terrorist attacks on our nation, *The Arizona Republic* worked in cooperation with KPNX on the Disaster Relief campaign, which generated \$2.6 million in less than four weeks. The fact that our campaign generated far more than the two other local campaigns (both of which started prior to ours) testifies to the reach of Gannett’s combined media. The two-day KPNX phone bank brought in \$256,000 alone.

As the examples detailed above illustrate, common-ownership has enabled KPNX to cover more local issues, to cover those issues with increased depth and better context, and to effect tangible results. The size of *The Arizona Republic*—its staff resources, its expertise in public affairs reporting, its ability to apply sheer operational power at strategic points—has been a catalyst for *12 News*’ efforts to expand news coverage

beyond the daily headlines that typically characterize broadcast news. With the help of *The Arizona Republic's* resources, sustained, comprehensive coverage and analysis of issues of public interest—including growth, immigration and education—has become a consistent aspect of the daily television newscasts. KPNX's viewers perceive this type of coverage as “balanced,” which is the value identified by them in research as the most important asset of a newscast. KPNX broadcasts, in turn, have expanded consumer awareness of *The Arizona Republic's* brand and news product throughout the market.

### **Print and Broadcast Newsrooms Remain Autonomous**

In assessing the merits of newspaper/broadcast cross-ownership, it is important to consider the distinction between combining newsgathering resources and merging independent and distinct news operations. While common ownership has afforded Gannett the opportunity to merge back-end efficiencies and to use the strengths of each medium to provide enhanced types of news and public affairs, our broadcast and print newsrooms have been and will remain independent and competitive. Print and broadcast journalists have intrinsic differences—they each have unique strengths, particular methods of covering stories, special ways of doing business and a history of vigorous competition. While our Phoenix experience has demonstrated how television and newspaper can bring incremental benefits to the public when they seek to complement each other, a large part of that benefit stems from the autonomy of each, a trait that common ownership has not changed.

In the case of KPNX and *The Arizona Republic*, each newsroom makes its own decisions about what stories it will cover and how to do so. The properties' penchant to cover each other, notably in a critical fashion, has not in any sense been inhibited. Since



Gannett acquired *The Arizona Republic*, the newspaper has published stories that have been critical of KPNX programming. Conversely, KPNX has covered *The Arizona Republic* with an equally objective lens.

For example, in early 2001, the competitive relationship between the television and newspaper properties was put to a test. *The Arizona Republic's* media writer wrote a glowing review of competing station KSAZ-10's news operation. (see Attachment 2). Writer Mike Clancy said, "The Fox affiliate outperforms its network lead-ins, with good reason. It probably has the best newscast in town, with some of the best personnel." Needless to say, the KPNX newsroom rejected that assessment. A few weeks later, *12 News* covered (or "over-covered" in the defensive view of some at the newspaper!) a press conference in which a source accused *The Arizona Republic* of fabricating a story. It was all in a day's business, and there are rough moments some days. But we feel independent coverage is critical to journalists' credibility and our public acceptance.

### **Common Ownership Has Produced Economic Efficiencies**

In addition to enhanced news coverage of local and national issues and improved community service, common ownership of KPNX and *The Arizona Republic* already has resulted in noteworthy economic efficiencies. We believe that the modest efficiencies that have been achieved in fifteen short months presage tremendous long-term promise. When, for example, *The Arizona Republic* sent one of its sports columnists to cover Major League Baseball's 2001 All-Star Game in Seattle, KPNX was able to piggyback with on-air reports. The \$1,500 cost of the trip would have been doubled if *12 News* had sent its own reporter. Similarly, *The Arizona Republic* has been able to handle web hosting for KPNX, resulting in an annual savings of \$20,000. KPNX has been able to

take advantage of *The Arizona Republic*'s technical support staff. Convergence also has provided <azcentral.com> with an efficient way to acquire video for use online by using KPNX's capabilities. The newspaper and <azcentral.com> use weather data and packages and call upon the expertise of *12 News* meteorologists. KPNX has access to the newspaper's extensive archives.

We share planning budgets and staff when appropriate. Beyond the prospective benefits of combining resources for sales and news coverage, there are many "back-office" costs that could lead to efficiency through convergence. For example, the newspaper and TV station could merge accounting, human resources and marketing departments.

#### **Common Ownership Has Resulted in Advertiser Benefits**

In addition, we believe there exist opportunities to create efficiencies for advertisers. Instead of being forced to deal with a number of representatives from different media to plan an advertising campaign, our combined sales team affords advertisers the ability to create a consistent message. Convergence also facilitates the development of content targeted to the advertiser's particular market, and allows us to better manage comprehensive promotions for our clients.

For example, last May, we enhanced a relationship with KB Home, formerly Kaufmann & Broad, which specializes in building affordable homes for entry-level and first-time homebuyers. After several needs assessment and brainstorm sessions, we presented the convergence concept: *We provide a solution-based strategy, supported by relevant content, drawing upon the strengths of each medium and combining them in new ways.*

What this meant to the client was a one-stop-shop, similar to an agency approach, with implementation and fulfillment added. The experience and backgrounds of the team members (print, TV and online) lent credibility, creativity and a sense of trust. Our team approach is far more time-efficient for the client, expediting design and production. Continuity of the brand, the message and a call-to-action is evident in the print campaign (in the paper, fliers, postcards), online campaign and TV campaign. The client has also complimented *The Arizona Republic* account executive on the thoroughness and detail of the invoice. This aids advertisers in their monthly return on investment calculations and reporting.

That said, competition is keen and we must work very hard to convince Phoenix advertisers that convergence can work for them. Numerous commercial television stations (including two Hispanic stations) and a major cable operator (Cox), continue to provide "advertiser choice." Television is still a supply-and-demand business. KPNX's rates for 2001 are actually down from its 2000 rates, as much as 35 percent in some day parts. The decrease is attributable not only to the soft economy, but also to the fact that television stations must compete against the greater fragmentation that exists today.

In October 2000, newspaper ad rates increased about 5.5 percent. In October 2001, some newspaper ad rates increased an additional five to six percent, although pricing for specific segments and/or contracts would be considered on an individual basis. Any corresponding rate increases in these areas would generally be less than the rate card increase. Newspapers typically raise rates annually, and these hikes are in line with industry averages. Current economic conditions are putting downward pressure on rates. Seven-day and weekend newspaper subscription rates have not changed.

On many pieces of business, advertisers must decide which medium makes the most sense for them. Often budgets are limited and advertisers choose the newspaper for “price and item” while using television for “branding.” We retain individual sales staffs at both the newspaper and television station. While a portion of the sales staffs work together on converged sales, the vast majority of sales efforts are completely independent. KPNX competes against a variety of broadcast stations, sports marketing groups and Cox cable. Cost per points are available for almost all advertisers through an independent service, and television stations equally are able to position rates and inventory based on these goals for our market.

### **The Phoenix Market Remains Highly Competitive**

*The Arizona Republic* and KPNX are market leaders within their respective mediums, but, as stated above, Phoenix remains a highly competitive media market. From a newspaper circulation standpoint, aside from the usual array of dozens of local weekly newspapers, *The East Valley Tribune* (owned by Freedom Newspapers, publishers of the Orange County Register) reaches about 60 percent of the Valley and has a circulation of close to 100,000 subscribers. In addition, Phoenix is a very strong market for the national newspapers, particularly *The New York Times* (10,000 Sunday), *USA Today* (30,000 daily) and *The Wall Street Journal* (25,000 daily).

There are nineteen television stations in the Phoenix DMA with ten separate owners, Cox Cable/satellite (60%+ market penetration) and nearly 40 radio stations. Gannett’s web site, <azcentral.com>, is the local market leader (34% share), although in any given month national players <CNN.com> and <MSNBC.com> have stronger local market share numbers. In addition, <azfamily.com> (owned by Belo) and

<AccessArizona.com> (owned by Cox) provide stiff local competition with 22% and 15% of the market share, respectively.

The local measurable advertising revenue pie approached 2 billion dollars in 2000 with *The Arizona Republic* and KPNX's having a combined market revenue share of 26.4%. This combined market revenue share is actually lower than the combined share in the year's preceding Gannett's purchase of the newspaper. Comparable combined market share was 27.1% in 1999 and 26.7% in 1998.

#### **Common Ownership vs. Joint Venture**

It is our understanding that in its proceeding considering relaxation of the newspaper/broadcast cross-ownership rule, the FCC has inquired specifically whether the types of benefits achieved through common ownership, such as currently exists in the Phoenix market, could similarly be achieved through a joint venture. While admittedly it would be possible to collaborate to a degree without common ownership, our experience reflects that such partnerships by their nature do not realistically attain a comparable level of management and staff commitment, and thus cannot result in comparable tangible benefits.

We have management responsibilities for, and knowledge of, other Gannett properties that have collaborated with separately owned in-market media properties. For example, Mr. Ogden is President and General Manager of Gannett station KUSA-TV in Denver, Colorado, which has had a modest relationship with *The Denver Post* for over seven years. While certain positives have resulted, the benefits of this arrangement do not approach what has been achieved in Phoenix in a little over a year. The absence of a

common culture, with similar objectives, stands as an obstacle to more creative endeavors.

A joint venture necessitates a more formalized management and budget structure and other redundant functions. Inevitably, joint ventures introduce inefficiencies and operations are less nimble, making it more difficult to take advantage of synergies. Where television and newspaper properties are commonly owned, changes can be agreed upon more quickly because management has a unified interest and hence negotiations between joint venture partners are not needed. As a result, more time and money can be devoted to content and production, rather than squandered on administrative matters.

Our experience in Phoenix demonstrates the value of common ownership as opposed to joint venture. Gannett's commitment to the Phoenix project has resulted in the installation of a broadcast-quality camera and set in *The Arizona Republic* newsroom. As a result of common ownership, we are a 24-hour multi-media operation with the capability to rapidly and seamlessly push the information we gather across three content platforms—print, television and online. In this instance, Gannett's capital investment (\$200,000) was predicated on telling a better news story and not tied to a return on investment. Similarly, plans are underway to co-purchase a newspaper/TV helicopter that would allow better local coverage of breaking news and events, while assuring economies of scale.

We believe that a relaxation of cross-ownership rules would even the playing field in this competitive era of new media in a way that joint ventures cannot. Changing behaviors among news consumers have caused a gradual fragmentation of print and broadcast audiences at a time when the Internet and other mediums have grown

exponentially. The Newspaper Association of America's competitive media index for 2001 shows that newspapers reach 58.6 percent of U.S. adults—down five percent from 1996. Prime-time television's reach dropped from 45.3 percent to 38.6 percent in that same period. The winner in the battle for “eyeballs” was cable television, with a modest 1.2 percent gain to 12.2 percent. The Internet has grown exponentially in that time, including content providers such as AOL Time Warner, whose converged reach nationally is more than 133 million subscribers.

The economic efficiencies that can only be achieved through common ownership, and the ability of commonly owned properties to improve content and extend reach through convergence are evident in an arena of that scale. Moreover, as jointly owned properties, *The Arizona Republic* and KPNX could partner with the Gannett Foundation (Gannett's charitable giving arm) on fund-raising and grant making. This program would be similar to *The Arizona Republic's* extremely successful “Season for Sharing” campaign, which has established the newspaper as the top corporate giver in the state and secured our leadership role in the non-profit community. This type of combined philanthropy would enhance the brand and image of Gannett and its leading operating units in Arizona. It would also allow us to more strategically address community issues and assume a leadership position. This type of co-branding and shared philanthropy would not be feasible unless the properties were commonly owned.

### **Conclusion**

We believe that the modern media has reached a great defining moment. Our Phoenix experience amply demonstrates that broadcast, newspaper and the Internet work best for the public when they complement each other. Convergence in the Phoenix

market under Gannett's common ownership has had demonstrable benefits, and facilitated the ability of the commonly owned media to provide viewers and readers with more information, greater depth, increased perspective and enlarged overall context. At the same time, diversity and competition in the Phoenix marketplace have thrived.



Signed under penalty of the laws of perjury.

Dated this 3<sup>rd</sup> day of December, 2001.

  
Susan Clark-Johnson

\_\_\_\_\_  
Roger Ogden

Signed under penalty of the laws of perjury.

Dated this 3<sup>rd</sup> day of December, 2001.

\_\_\_\_\_  
Susan Clark-Johnson

  
\_\_\_\_\_  
Roger Ogden

**Attachment 1**

**Biographies**

**BIOGRAPHY**  
**SUSAN CLARK-JOHNSON**  
**June 2001**

Susan Clark-Johnson is Chairman and CEO of Phoenix Newspapers, Inc., a position she has held since August 1, 2000, when Gannett acquired Central Newspapers, Inc. (CNI). Phoenix Newspapers, Inc., previously a subsidiary of CNI, publishes The Arizona Republic and the Arizona Business Gazette. Sue is also CEO and Publisher of The Arizona Republic and Senior Group President of Gannett's Pacific Newspaper Group and has oversight responsibility for papers throughout the West, including Hawaii and Guam. Sue was also president and publisher of the Reno Gazette-Journal prior to her relocation to Phoenix.

Since 1985, when Sue became its president and publisher, the Reno Gazette-Journal has received numerous honors and awards, including Best of Gannett, the Gannett Company's highest award honoring editorial excellence, which Reno has received four times under Sue's leadership. The newspaper has also received a Gold Medal, awarded annually to Gannett's top five newspapers, 11 out of the past 14 years. She has been recognized as Gannett's Manager of the Year in 1990 and was named one of four finalists five additional years since 1985.

In addition to her role as newspaper executive for Gannett, Sue serves on the Board of Visitors of the John S. Knight Fellowships for professional journalists at Stanford University, National Environmental Education and Training Foundation and Newspaper Association of America.

She has been active in community affairs. Prior to moving to Phoenix in August she was Chairperson of One Region. One Vision. She was also a member of the board of directors of United Way, Economic Development Agency/Western Nevada, Forum for a Common Agenda and the University of Nevada/Reno Foundation.

Since moving to Phoenix Sue has joined the board of directors of Fresh Start Women's Foundation, Downtown Phoenix Partnership, the Phoenix Symphony and Desert Botanical Garden. She is a member of The Governor's Corporate Advisory Council, Morrison Institute for Public Policy Board of Advisors and Greater Phoenix Leadership.

## **ROGER OGDEN**

### **PRESIDENT AND GENERAL MANAGER K★USA-TV DENVER**

Roger Ogden was named President and General Manager effective August, 1997 for K★USA-TV the Gannett owned station in Denver. In January 1999 Ogden was named Senior V.P. Gannett Broadcasting and a member of the Gannett Broadcast Operating Committee with responsibility for Gannett's Phoenix, Cleveland, Jacksonville and Atlanta stations as well as his Denver responsibilities.

Prior to that Roger had been President and Managing Director of NBC Europe since July 1995. He oversaw the day-to-day operations of NBC Europe and CNBC Europe.

Ogden began his broadcast career in Denver, Colorado at the age of 13 at radio station KPOF. He worked at stations KLIR and KBTR while attending school. He later held management positions at WLKY-TV, Louisville, Kentucky and K★USA-TV, Denver, Colorado, KCNC-TV, also in Denver, where for fourteen years he had been President and General Manager. He joined NBC Europe from NBC-owned KCNC-TV after the affiliation switch occurred between the 3 network stations in Denver.

Ogden was also heavily involved NBC's international operations in Mexico, managing NBC's co-operative efforts with TV Azteca, Mexico's second largest television group. He had also been in charge of overseeing operations for the NBC station, KUTV in Salt Lake City, Utah.

Ogden became a leader in the community, serving as Chairman of the Greater Denver Chamber of Commerce, President of the Colorado Broadcasters Association and Chairman of the Colorado Winter Games Committee and the US Olympic Festival. He also served on the Associated Press Board of Directors as Chairman of the Broadcast Committee. In this capacity, he was also involved in the launch of Associated Press' new video service, AP-TV based in London. In addition to the boards he is currently on, he also serves on the NBC Affiliate Board and is Chair of the Denver Metro Chamber of Commerce Chamber Masters.

Roger is married with two children, and lives in Greenwood Village, Colorado.

**Attachment 2**

**Mike Clancy Column from**

***The Arizona Republic***

> THE ARIZONA REPUBLIC

> Copyright (c) 2001, The Arizona Republic

> DATE: Saturday, January 6, 2001

> EDITION: Final Chaser

> SECTION: Smart Living

> PAGE: E4

> COLUMN: MEDIA NOTES

> MEMO: Reach the reporter at

> mike.clancy@arizonarepublic.com

> or at (602) 444-8550.

> BYLINE: By MIKE CLANCY / The Arizona R  
Republic

> **IN 2000, LOCAL TV WAS FULL OF MOVERS AND**  
> **SHAKERS**

> ➤ What is there to say about a year in local  
television in which the most significant story was  
the move of Seinfeld to past most people's bedtimes?

> ➤ OK, OK, perhaps more significant is the decision  
that brought on that move. Channel 5 (KPHO) adds a  
full half-hour newscast at 10 p.m. Can Channel 5  
compete at 10 p.m.? Will it improve the outlook for  
its other news programs?

> ➤ And up the dial at Channel 12, how big a risk is it  
to move Jineane Ford to mornings? Whatever anyone  
might say about local television, the status quo is  
being shaken up.

> ➤ By the numbers: \* Channel 3 (KTVK): In what may be  
the most significant change, Bill Miller resigned as  
station manager in 2000. He was replaced by another  
station veteran, programmer Sue Schwartz. This  
follows in the wake of the sale of the station in  
mid-1999. Despite the change, Channel 3 remains the  
model for all other independent stations in the  
country.

> ➤ \* Channel 5 (KPHO): With more turnover than any  
other station, Channel 5 finished the year  
struggling to find an audience. Jay Alan, June  
Thomson and Darla Turner all took off, as did

weather guy Steve Teeling. That's a lot of upheaval for any station, especially because viewers like to settle in with old favorites.

➤

➤ \* Channel 10 (KSAZ): The Fox affiliate outperforms its network lead-ins, with good reason. It probably has the best newscast in town, with some of the best personnel. If only the rest of the day would hold up.

➤

➤ \* Channel 12 (KPNX): Kent Dana never ages, Ford is replaced by the equally well-known Lin Sue Cooney, and NBC remains the Valley's favorite. That adds up to a 10 p.m. powerhouse. But the morning show has gone through a lot of people. Can Ford save the day?

➤

➤ \* Channel 15 (KNXV): Management at the station keeps telling people it is offering an alternative to the traditional news of Channels 5, 10 and 12. But it seems to be an alternative that no one is interested in watching, even though the newscast is not as bad as some people make it out to be. Robin Sewell ranks with any anchor in town. In addition, the station started a new program, Sonoran Living. It shows promise, even though its early ratings were awful.

➤

➤ \* Others: There is one big story to watch, and that is consolidation. Already Channel 61 (KASW) has been purchased by the owner of Channel 3, and Channel 45 (KUTP) now is a sister station of Channel 10. Expect more to come, perhaps the purchase of PAX (Channel 51, KPPX) by NBC, already a partial owner.



**EXHIBIT B**

**PHOENIX MEDIA**

**PHOENIX, AZ DMA TELEVISION STATIONS\***

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>NETWORK AFFILIATION</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KDUO(TV)	Flagstaff, AZ	HSN	EBC Flagstaff, Inc.	Equity Broadcasting Corp.
KCFG-TV	Flagstaff, AZ	Independent	KM Television of Flagstaff, LLC	--
KNAZ-TV (satellite of KPNX, Phoenix-Mesa, AZ)	Flagstaff, AZ	NBC	Multimedia Holdings Corporation	Gannett Co., Inc.
KMOH-TV	Kingman, AZ	NBC	Multimedia Holdings Corporation	Gannett Co., Inc.
KASW(TV)	Phoenix, AZ	WBN	Brooks Broadcasting, LLC	Belo Corp.
KNXV-TV	Phoenix, AZ	ABC	Scripps Howard Broadcasting Company	E.W. Scripps Co.
KPAZ-TV (noncommercial)	Phoenix, AZ	TBN	Trinity Broadcasting of Arizona, Inc.	Trinity Broadcasting Network, Inc.
KPHO-TV	Phoenix, AZ	CBS	Meredith Corp.	Meredith Corp.
KPHZ-TV	Holbrook, AZ	Independent	Venture Technologies Group, LLC	---
KPNX(TV)	Phoenix-Mesa, AZ	NBC	Multimedia Holdings Corporation	Gannett Co., Inc.
KSAZ-TV	Phoenix, AZ	FOX	KSAZ License, Inc.	Fox Television Stations, Inc.
KTFL(TV)	Flagstaff, AZ	Independent	WTVA, Inc.	WTVA, Inc.

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>NETWORK AFFILIATION</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KTVK(TV)	Phoenix, AZ	Independent	KTVK, Inc.	Belo Corp.
KTVW-TV	Phoenix, AZ	Univision	KTVW License Partnership, GP	Univision Communications, Inc.
KUTP(TV)	Phoenix, AZ	UPN	Fox Television Stations, Inc.	Fox Television Stations, Inc.
KUSK(TV)	Prescott-Phoenix, AZ	Independent	KUSK, LLC	---
KPPX(TV)	Tolleson, AZ	PAX	America 51, LP	Paxson Communications Corp.
KAET(TV) (noncommercial)	Phoenix, AZ	PBS	Arizona Board of Regents	---
KDTP(TV) (noncommercial)	Phoenix, AZ	Independent	Community Television Educators, Inc.	---

**PHOENIX, AZ RADIO STATIONS\*\***

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>FORMAT</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KASA(AM)	Phoenix, AZ	Religious	KASA Radio Hogar, Inc.	KASA Radio Hogar, Inc.
KAZG(AM)	Scottsdale, AZ	Rock	Cactus Radio, Inc.	Sandusky Radio
KSLX-FM	Phoenix, AZ	Rock	Cactus Radio, Inc.	Sandusky Radio
KBAQ(FM)	Phoenix, AZ	Classical	Maricopa County Community College District	---

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>FORMAT</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KCTK(AM)	Phoenix, AZ	Talk	Common Ground Broadcasting, Inc.	Salem Communications Corp.
KEDJ(FM)	Sun City, AZ	Modern Rock	HBC License Corporation	Big City Radio, Inc.
KESZ(FM)	Phoenix, AZ	Adult Contemporary	Clear Channel Broadcasting Licenses, Inc.	Clear Channel Communications, Inc.
KFLR-FM	Phoenix, AZ	Christian/Inspirational	Family Life Broadcasting, Inc.	Family Life Communications, Inc.
KFNN(AM)	Mesa, AZ	Newstalk	CRC Broadcasting Co., Inc.	---
KGME(AM)	Phoenix, AZ	Sports/Talk	AMFM Radio Licenses, LLC	Clear Channel Communications, Inc.
KKFR(FM)	Phoenix, AZ	Contemporary Hit	Emmis Radio License Corporation	Emmis Communications Corporation
KIDR(AM)	Phoenix, AZ	Spanish News/Talk	Radio Unica of Phoenix License Corp.	Radio Unica Crop.
KJZZ(FM)	Phoenix, AZ	Acoustic Jazz	Maricopa County Community College District	---
KMIK(AM)	Tempe, AZ	Dario Disney	ABC, Inc.	ABC, Inc.
KMLE(FM)	Chandler, AZ	Country	Infinity Radio, Inc.	CBS Corp.
KMVP(AM)	Phoenix, AZ	Sports/Talk	Emmis Radio License Corporation	Emmis Communications Corporation

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>FORMAT</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KMXP(FM)	Phoenix, AZ	Music of 70s/80s/90s	Citicasters Licenses, Inc.	Clear Channel Communications, Inc.
KMYL(AM)	Tolleson, AZ	Pop Standards/Big Band	Interstate Broadcasting Systems of Arizona, Inc.	---
KNAI(FM)	Phoenix, AZ	Spanish Community/ Public Affairs	National Farm Workers Service Center, Inc.	---
KNIX-FM	Phoenix, AZ	Country	Clear Channel Broadcasting Licenses, Inc.	Clear Channel Communications, Inc.
KOOL-FM	Phoenix, AZ	Oldies	Infinity Radio, Inc.	CBS Corp.
KPHF(FM)	Phoenix, AZ	Religious	Family Stations, Inc.	Family Stations, Inc.
KPHX(AM)	Phoenix, AZ	Spanish	Continental Broadcasting Corp. of Arizona, Inc.	---
KPXQ(AM)	Glendale, AZ	Religious Talk	Common Ground Broadcasting, Inc.	Salem Communications Corp.
KSUN(AM)	Phoenix, AZ	Adult Contemporary	Fiesta Radio, Inc.	---
KTAR(AM)	Phoenix, AZ	News/Talk	Emmis Radio License Corporation	Emmis Communications Corp.
KKLT(FM)	Phoenix, AZ	Adult Contemporary	Emmis Radio License Corporation	Emmis Communications Corp.

<b><u>CALL SIGN</u></b>	<b><u>CITY OF LICENSE</u></b>	<b><u>FORMAT</u></b>	<b><u>LICENSEE</u></b>	<b><u>GROUP OWNER</u></b>
KXEG(AM)	Phoenix, AZ	News/Talk	Mortenson Broadcasting Company of Arizona, LLC	---
KXAM(AM)	Mesa, AZ	Talk	Embee Broadcasting, Inc.	---
KXEM(AM)	Tolleson, AZ	Christian	James Crystal Enterprises of Phoenix, Inc.	James Crystal Licenses, LLC
KYOT-FM	Phoenix, AZ	Jazz	AMFM Radio Licenses, LLC	Clear Channel Communications, Inc.
KFYI(AM)	Phoenix, AZ	Adult Standard	AMFM Radio Licenses, LLC	Clear Channel Communications, Inc.
KZON(FM)	Phoenix, AZ	Modern Adult Contemporary	Infinity Radio, Inc.	CBS Corp.
KOY(AM)	Phoenix, AZ	Nostalgia	AMFM Radio Licenses, LLC	Clear Channel Communications, Inc.

**CABLE SYSTEMS SERVING PHOENIX, AZ DMA\*\*\***

<b><u>LOCATION</u></b>	<b><u>SUBSCRIBERS</u></b>	<b><u>CABLE SYSTEM</u></b>
Phoenix	617,615	Cox Cable
Phoenix	--	Choice TV & OnLine
Apache Junction	7,081	Mediacom
Arizona City	---	Eagle West Cable

<b><u>LOCATION</u></b>	<b><u>SUBSCRIBERS</u></b>	<b><u>CABLE SYSTEM</u></b>
Avondale	3,400	Cox Communications
Bagdad	428	Eagle West Cable
Bear Flats	17	Eagle West Cable
Black Canyon City	596	Eagle West Cable
Bullhead City	10,445	Cablevision
Carefree	1,032	Cox Communications
Casa Grande	3,361	Cox Cable
Casa Grande	336	Eagle West Cable
Cave Creek	466	Eagle West Cable
Clifton	1,815	CableOne
Concho Valley	103	Eagle West Cable
Coolidge	2,300	Cable America Corp.
Cordes Lakes	220	Americable International Arizona, Inc.
Cottonwood	4,652	Cable One
Dolan Springs	61	Eagle West Cable
Dudleyville	704	Eagle West Cable
Eagar	1,215	Eagle West Cable
East Mesa	3,296	Eagle West Cable
Flagstaff	15,000	NPG Cable of Arizona
Florence	327	Eagle West Cable
Fort Mohave Mesa	2,000	Americable International Arizona, Inc.
Fredonia	139	Cox Communications

<u>LOCATION</u>	<u>SUBSCRIBERS</u>	<u>CABLE SYSTEM</u>
Gila Bend	800	Cable America
Gilbert	15,600	Cox Communications
Gisela	164	Indevideo Co., Inc.
Globe-Miami	4,700	Cable One
Golden Shores	569	Americable International Arizona, Inc.
Golden Valley	725	Americable International Arizona, Inc.
Grand Canyon	569	Indevideo Co., Inc.
Grand Missouri Mobile Home Park	---	Sun Valley Cable, Inc.
Heber	724	Eagle West Cable
Holbrook	1,528	Cable One
Kayenta	696	N.C.C.S.I.
Keams Canyon	123	Indevideo Co., Inc.
Kearny	798	Eagle West Cable
Kingman	7,478	Cablevision
Lake Havasu City	14,000	Cablevision
Leupp	150	Indevideo Co., Inc.
Luke AFB	938	Cox Communications
Mammoth	408	Eagle West Cable
Mesa	19,200	Cable America Corp.
Munds Park	1,199	NPG Cable
Oracle	342	Eagle West Cable
Page	2,000	Cable One



<b><u>LOCATION</u></b>	<b><u>SUBSCRIBERS</u></b>	<b><u>CABLE SYSTEM</u></b>
Parker	4,200	Cablevision of Parker
Payson	4,759	NPG Cable of Arizona, Inc.
Peach Springs	125	Eagle West Cable
Perryville	163	Eagle West Cable
Pine	1,466	NPG Cable of Arizona, Inc.
Prescott	28,800	CableOne
Quartzsite	463	Americable International Arizona, Inc.
Queen Valley	256	Mediacom
Rio Verde	633	Cox Communications
Saddle Mountain	255	Eagle West Cable
Safford	6,100	CableOne
Salome	---	San Carlos Cablevision
San Carlos	1,100	Apache Cablevision
San Manuel	856	Eagle West Cable
Santa Rita Bel Aire	55	Cox Communications
Sedona	8,500	Sedona Cablevision
Sells	228	Western Cablevision, Inc.
Shonto	100	Indevideo Co., Inc.
Show Low	10,000	CableOne
St. Johns	577	Eagle West Cable
Superior	639	Eagle West Cable
Tuba City	1,670	Indevideo Co., Inc.
Tusayan	302	Indevideo Co., Inc.

<u>LOCATION</u>	<u>SUBSCRIBERS</u>	<u>CABLE SYSTEM</u>
Williams	712	Eagle West Cable
Winslow	2,535	Cable One
Yarnell	170	Eagle West Cable

**PHOENIX, AZ DMA NEWSPAPERS\*\*\*\***

<u>NEWSPAPER</u>	<u>LOCATION</u>	<u>TYPE</u>	<u>OWNER</u>	<u>CIRCULATION</u>
The Arizona Republic	Phoenix, AZ	Daily	Gannett Co., Inc.	478,296 559,170 (Sunday)
Mohave Valley Daily News	Bullhead City, AZ	Daily	Brehm Communications, Inc.	7,245 8,535 (Sunday)
Casa Grande Dispatch	Casa Grande, AZ	Daily	Kramer Publications	8,492 --- (Sunday)
The Arizona Daily Sun	Flagstaff, AZ	Daily	Pulitzer, Inc.	11,312 13,537 (Sunday)
The Kingman Daily Miner	Kingman, AZ	Daily	Western Newspapers, Inc.	7,855 8,245 (Sunday)
Today's News-Herald	Lake Havasu City, AZ	Daily	River City Newspapers, LLC	9,031 10,936 (Sunday)
East Valley Tribune/ Scottsdale Tribune	Mesa-Scottsdale-Tempe, AZ	Daily	Freedom Communications, Inc.	88,358 74,854 (Sunday)
The Daily Courier	Prescott, AZ	Daily	Western Newspapers, Inc.	18,310 19,852 (Sunday)

<b><u>NEWSPAPER</u></b>	<b><u>LOCATION</u></b>	<b><u>TYPE</u></b>	<b><u>OWNER</u></b>	<b><u>CIRCULATION</u></b>
Daily News-Sun	Sun City, AZ	Daily	Freedom Communications, Inc.	20,055 --- (Sunday)
Apache Junction Independent	Apache Junction, AZ	Weekly	Independent Newspapers	224 (paid) 19,776 (free)
Buckeye Valley News	Buckeye, AZ	Weekly	---	2,300 (paid) 600 (free)
The Journal	Camp Verde, AZ	Weekly	Larson Newspapers	1,910 (paid) 50 (free)
Foothills Sentinel	Cave Creek/ Carefree/ N. Scottsdale, AZ	Weekly	Western Newspapers, Inc.	21,633 (free)
Sonoran News	Cave Creek/ Carefree/N. Scottsdale, AZ	Weekly	---	700 (paid) 29,000 (free)
Chandler/Sun Lakes Independent	Chandler/ Sun Lakes, AZ	Weekly	Independent Newspapers, Inc.	68 (paid) 20,932 (free)
Chino Valley Review	Chino Valley, AZ	Weekly	Prescott Newspapers, Inc.	177 (paid) 5,144 (free)
Coolidge Examiner	Coolidge, AZ	Weekly	Kramer Publications	1,943 (paid) 7 (free)
Cottonwood Journal Extra	Cottonwood, AZ	Weekly	Larson Newspapers	475 (paid) 6,924 (free)
East Mesa Independent	E. Mesa, AZ	Weekly	Independent Newspapers, Inc.	237 (paid) 34,921 (free)
Eloy Enterprise	Eloy, AZ	Weekly	Kramer Publications	871 (paid) 4 (free)

<b><u>NEWSPAPER</u></b>	<b><u>LOCATION</u></b>	<b><u>TYPE</u></b>	<b><u>OWNER</u></b>	<b><u>CIRCULATION</u></b>
Florence Reminder & Blade-Tribune	Florence, AZ	Weekly	Kramer Publications	1,526 (paid) 6 (free)
Times of Fountain Hills	Fountain Hills/Rio Verde, AZ	Weekly	---	4,989 (paid) 57 (free)
Gilbert Independent	Gilbert, AZ	Weekly	Independent Newspapers, Inc.	225 (paid) 24,775 (free)
Prospector	Glendale, AZ	Weekly	Ottaway Newspapers, Inc.	250 (paid) 19,000 (free)
The Glendale Star	Glendale, AZ	Weekly	Pueblo Publishers, Inc.	8,716 (paid) 474 (free)
San Carlos Apache Moccasin	Globe, AZ	Weekly	Liberty Group Publishing	1,800 (paid)
Arizona Silver Belt	Globe/Miami, AZ	Weekly	Liberty Group Publishing	4,800 (paid)
Copper Country News	Globe/Miami/ San Carlos, AZ	Weekly	---	34 (paid) 8,500 (free)
Golden Valley Enterprise	Golden Valley, AZ	Weekly	Western Newspapers, Inc.	1,878 (free)
West Valley View	Goodyear/ Avondale/ Litchfield Park/ Buckeye/Tolleson, AZ	Weekly	---	399 (paid) 38,829 (free)
Eastern Arizona Courier	Graham/Greenlee County, AZ	Weekly	Wick Communications	9,080 (paid) 23 (free)
Copper Era	Greenlee County/ Graham County, AZ	Weekly	Wick Communications	2,365 (paid)

<b><u>NEWSPAPER</u></b>	<b><u>LOCATION</u></b>	<b><u>TYPE</u></b>	<b><u>OWNER</u></b>	<b><u>CIRCULATION</u></b>
Copper Basin News	Hayden/ Winkelman/ Kearny, AZ	Weekly	---	2,403 (paid) 23 (free)
Holbrook Tribune-News	Holbrook, AZ	Weekly	Navajo County Publishers, Inc.	1,949 (paid) 1,238 (free)
The Desert Gem	La Paz County, AZ	Weekly	Peck & Brown Publishing	2,000 (paid)
River Extra	Lake Havasu City, AZ	Weekly	Western Newspapers, Inc.	7000 (free)
Lake Powell Chronicle	Page/Big Water, AZ	Weekly	News Media, Inc.	3,700 (paid)
Town of Paradise Valley Independent	Paradise Valley, AZ	Weekly	Independent Newspapers, Inc.	43 (paid) 5,950 (free)
Paradise Valley Independent	Paradise Valley/ N.E. Phoenix, AZ	Weekly	Independent Newspapers, Inc.	122 (paid) 19,878 (free)
Parker Pioneer	Parker/La Paz County, AZ	Weekly	River City Newspapers, LLC	2,991 (paid) 73 (free)
The Payson Roundup	Payson/Gila County, AZ	Weekly	WorldWest, LLC	7,285 (paid) 169 (free)
Peoria Times	Peoria, AZ	Weekly	Pueblo Publishers, Inc.	5,315 (paid) 400 (free)
Arizona Capitol Times	Phoenix, AZ	Weekly	Arizona News Service, Inc.	2,604 (paid) 2,300 (free)
El Sol de Arizona	Phoenix/Glendale, AZ	Weekly	---	25,000 (free)
Arizona Informant	Phoenix/Maricopa County, AZ	Weekly	---	15,000 (paid)

<b><u>NEWSPAPER</u></b>	<b><u>LOCATION</u></b>	<b><u>TYPE</u></b>	<b><u>OWNER</u></b>	<b><u>CIRCULATION</u></b>
Prescott Valley Tribune	Prescott Valley, AZ	Weekly	---	12,000 (free)
San Manuel Miner	San Manuel, AZ	Weekly	---	3,310 (paid) 36 (free)
Sedona Red Rock News	Sedona, AZ	Weekly	Larson Newspapers	6,621 (paid) 90 (free)
White Mountain Independent	Show Low/ S. Navajo County/ Apache County, AZ	Weekly	---	7,692 (paid) 26 (free)
Ahwatukee Weekly News	S.E. Phoenix, AZ	Weekly	Freedom Newspapers	27,000 (free)
Arrowhead Ranch Independent	Sun City, AZ	Weekly	Independent Newspapers, Inc.	15 (paid) 14,000 (free)
Sun Cities Independent	Sun City/ Youngtown, AZ	Weekly	Independent Newspapers, Inc.	144 (paid) 24,856 (free)
The Superior Sun	Superior, AZ	Weekly	---	1,256 (paid) 49 (free)
The Verde Independent/ Camp Verde Bugle	Verde Valley/ Cottonwood, AZ	Weekly	Western Newspapers, Inc.	4,846 (paid) 210 (free)
The Wickenburg Sun	Wickenburg, AZ	Weekly	Brehm Communications, Inc.	4,200 (paid) 30 (free)
Williams-Grand Canyon News	William/Grand Canyon, AZ	Weekly	Western Newspapers, Inc.	4,125 (paid) 75 (free)
The Winslow Mail	Winslow, AZ	Weekly	Western Newspapers, Inc.	3,100 (paid) 920 (free)

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\* 2001 Television and Cable Factbook, Volume 69, pp. A62-A77; A79; Broadcasting and Cable Yearbook 2001, p. B-218.

\*\* Broadcasting and Cable Yearbook 2001, pp. D-22-D23.

\*\*\* 2001 Television and Cable Factbook, Volume 69, pp. D-56-D72. The cable penetration rate for Phoenix is 60%. Broadcasting and Cable Yearbook 2001, p. C-4.

\*\*\*\*\* 2001 Editor and Publisher International Yearbook, pp. I-12-I-17; COMM-7-COMM-11.

**States With Direct-To-Home (DTH) Dish Penetration  
of Fifteen Percent or More (April 2001)**

STATE	% OF TVHH with DTH
Vermont	41.27
Montana	38.71
Wyoming	33.69
Mississippi	32.74
Arkansas	30.37
Idaho	28.56
North Dakota	28.48
North Carolina	27.98
Kentucky	27.26
Missouri	26.54
West Virginia	26.20
South Carolina	26.02
Utah	25.56
Texas	24.88
New Mexico	24.70
Indiana	24.63
South Dakota	24.57
Tennessee	24.09
Alabama	23.84
Georgia	23.31
Virginia	23.23
Oklahoma	23.20
Maine	22.65
Iowa	22.53
Colorado	21.78
Wisconsin	21.37
Arizona	21.27
Nebraska	21.12
Oregon	20.64
Kansas	20.49
Minnesota	19.91
Michigan	18.40
Louisiana	18.11
Florida	17.58
Washington	17.12
Ohio	16.28
New Hampshire	15.89
Nevada	15.87
Illinois	15.62
California	15.37

Source: SkyTRENDS SkyMAP, April 1, 2001; [www.skyreport.com](http://www.skyreport.com)



**EXHIBIT C**

**ECONOMIC ANALYSIS OF THE EFFICIENCY BENEFITS FROM  
NEWSPAPER/BROADCAST STATION CROSS-OWNERSHIP**

**PREPARED BY**

**CHARLES RIVER ASSOCIATES INCORPORATED**

**AN ECONOMIC ANALYSIS OF THE  
EFFICIENCY BENEFITS FROM  
NEWSPAPER-BROADCAST STATION CROSS-OWNERSHIP**

Prepared For Gannett Company

Stanley M. Besen and Daniel P. O'Brien  
CHARLES RIVER ASSOCIATES INCORPORATED

July 21, 1998

## I. Introduction

Broadcast stations and newspapers are both engaged in disseminating information. Historically, the information offered by commonly-owned broadcast stations and newspapers has been largely separately produced and conveyed and, as a result, the potential for efficiencies from joint ownership has been largely unexploited. All this is likely to change with the advent of new media like the Internet.

The Internet, which has characteristics of both the electronic and print media, is creating opportunities for cooperation between newspapers and broadcasters, and we are starting to see instances of such cooperation. Although these developments are still in their infancy, they promise substantial benefits to both media owners and consumers of information. However, the scope of these benefits is likely to be limited by the Federal Communications Commission's ban on the formation of new newspaper-broadcast combinations.

The FCC rule that prohibits newspaper-broadcast cross-ownership (except where combinations have been grandfathered) may either prevent the achievement of the benefits of joint operation or force newspapers and broadcasters to engage in potentially less efficient economic arrangements to obtain such benefits. In either case, consumers of information may experience higher prices, less attractive product offerings, or slower innovation than if owners of broadcast stations and newspapers were free to operate under common ownership.

This paper describes the benefits of joint newspaper-broadcast station ownership. In doing so, it draws on the experience of a number of combinations of newspapers and broadcast stations, most involving joint ventures.

Cooperation among these various media is still at an early stage, as indeed are the media themselves, and the synergies among them have not been fully developed. But the operations of these ventures involving newspapers and television stations provide some indication of the types of benefits from new media enterprises that will be lost or impeded if the FCC's ban on newspaper-broadcast station combinations is continued.

## **II. The Basic Economics of Information Provision**

Information has characteristics of what economists call a public good, a good for which the cost of use by an additional consumer is zero.<sup>1</sup> Once a newspaper story, or a television program, or a motion picture, or a novel, or a law review article, or an economics treatise has been created and provided to one user, the additional cost of distributing the same information or entertainment to other users is quite limited. This simple fact explains why producers of information are continually seeking new ways to distribute the same information through different channels. If producers can find additional markets for information that has already been produced, almost all of the additional revenues collected in those markets add to their profits. Consumers benefit from this process because the larger the number of markets from which revenues can be

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<sup>1</sup> A pure public good is one for which the amount available to any user is unaffected by the amount taken by other users and from which no user can be excluded once the good has been produced. Information comes close to having the first property.

obtained for the same information, the greater are the incentives to create that information. Consumers may also benefit from greater diversity in the outlets through which information is made available.

There are many examples of the dissemination of the same information through multiple distribution channels. Motion pictures originally produced for domestic theatrical release are licensed to pay-per-view and premium cable program services, sold or leased on videocassettes, carried by the broadcast networks, licensed to individual television stations, and released abroad through the same media. Novels are sold initially in hardcover and subsequently in paperback. Journal publishers receive revenues from subscriptions, the sale of reprints, and license fees for photocopying. Legal research materials originally distributed in print form may also be sold on CD-ROMs or through on-line services.

All of these are examples of the exploitation of a work in the same "form." However, information need not be used in this way. A second type of efficiency may occur when a work created for one medium is modified in some manner and marketed through another medium.<sup>2</sup> Popular music may be produced for videos as well as for sound recordings. Successful novels may be adapted to motion pictures, live drama, or television series. And, to show that synergies can occur in either direction, successful motion pictures may spawn novels based on their screenplays.

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<sup>2</sup> The subsequent use is sometimes referred to as a "derivative work."

The fact that there may be multiple distribution media for the same information has an important implication. Not only are per-user costs reduced when the same information is reused, but the nature and amount of the information that is produced are also likely to be affected. Whether and how a sound recording is made may depend on its potential exploitation in video form. Whether and how a textbook is produced may depend on the potential for ancillary uses of the same information -- for example, through the sale of CD-ROMs.

A third form of efficiency occurs when the value of one piece of information is enhanced because other types of information are also available, either through the same or a different distribution channel. In some cases, it may be unprofitable to offer some information unless its owner can be assured that other (complementary) information will also be forthcoming. The best way to ensure that the complementary information is available is often for both pieces to be provided by the same entity.

A legal casebook may be more valuable to users, and hence more profitable to offer, if it is linked to treatises on the same or related subjects. An economics textbook may be more valuable if it is sold with separately published study guides. A theatrical musical may be more valuable if its production is accompanied by a sound recording of the score. A motion picture may be more valuable if a novel based on the film is released simultaneously.

In each of these cases, the profits from producing one type of information are enhanced if other information is also available to users. Although

independent suppliers may provide the complementary information, in some circumstances only the creator of the original information may have the incentives to ensure that both of the complements are available to users.

An owner who controls the various forms of distribution of a given piece of information can often more easily coordinate these uses than can separate owners of the different distribution channels.<sup>3</sup> In cases where coordination is improved by common ownership, consumers of information are the beneficiaries because they are then likely to receive enhanced information, complementary packages of information, or both.

### **III. Information Provision and Joint Production by Newspapers and Broadcast Stations**

#### **A. The Scope For Efficiencies Is Expanding**

There have always been potential efficiency benefits from the joint operation of a newspaper and a broadcast station in the same geographic area. Many of the stories covered by the newspaper will also appear on the station's news reports. Both media report the same local weather and sports results. Both cover the same local elections and social issues. It would seem natural for a joint owner to reduce costs by distributing information collected by the employees of one medium through the other as well. In addition, there would appear to be benefits from developing certain types of information because it could be distributed through more than one medium, and from developing

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<sup>3</sup> See Section IV below for an explanation of the efficiencies that result when joint production is carried out within a single firm.

information for one medium that is complementary to information developed for the other.

In fact, however, there appears to have been relatively little such activity with respect to newspapers and television stations in the same geographical areas, whether or not they have been jointly owned. It is difficult to determine the precise reasons for the limited ways in which jointly-owned newspapers and television stations have exploited synergies from common ownership. One possibility is the culture clash that can sometimes occur between the two media, in part the result of the contrast between the greater immediacy and visual nature of the information provided through the electronic media and the greater depth of information provided through print. Another is that the potential efficiencies from joint operation were not very great in the past.

This situation appears to be changing. Although some of the changes have involved greater cooperation between newspapers and broadcast stations in their "traditional" roles, the greatest cooperation appears to be occurring in new media, such as the Internet. There are several reasons for this.

First, the "newness" of the Internet may itself contribute to dissolving the cultural barriers between electronic and print journalists. In particular, the Internet can provide a hybrid of newspaper and television services and, if fully exploited, can expand upon the content of the traditional news outlets. The Internet offers news clips with high-quality video streams as well as in-depth daily newspaper stories, and it provides access to a searchable archive of news from multiple broadcast and print sources. The hybrid characteristics of the Internet



preclude both broadcasters and newspaper editors from claiming it as a portion of their traditional domains, and thus each may be less reluctant to participate with the other.

Second, the hybrid nature of the Internet requires skills that neither broadcasters nor print journalists alone possess. The Internet offers the immediacy of broadcasting without the space and time limitations of that medium. Not only does the Internet permit information to be provided in real time, it also allows stories of great length and depth. Indeed, in this regard, it goes even further than newspapers because the information provided can be linked to a vast store of other information, a capability beyond traditional newspapers.

This means that the benefits of cooperation are likely to be greater in the new medium than the benefits of cooperation between traditional newspaper and broadcast operations. In effect, each group may realize that it needs the cooperation and expertise of the other in order to produce information that is attractive to users. Indeed, the ultimate success of an Internet product may involve the blending of material from both print and video sources to produce content that is significantly different from either. Such productions will require reporting, editing, and other journalistic skills that neither medium's professionals currently possess.

Finally, although the cultural barriers between the electronic and print media may be as great as before, the gains from cooperation may now be viewed as greater than before the emergence of the Internet. As a result,

managers may now be demanding cooperation between previously separate activities, cooperation that may only reluctantly be provided.

### B. Examples of Television-Newspaper Cooperation

This section describes a number of instances in which companies have combined the resources of newspapers and television operations to offer new media services.<sup>4</sup> Most of these efforts involve joint ventures rather than common ownership, presumably because of the FCC's ban on the formation of new broadcast station-newspaper combinations.<sup>5</sup> Although, as discussed in Section IV, such joint ventures may be less efficient than joint ownership, their existence provides evidence of the potential value of newspaper-broadcast station synergies in fostering the development of new media.

*The Chicago Tribune* and its WGN television and radio stations provide newsgathering resources for ChicagoLand Television News (CLTV), the newspaper's 24-hour cable news channel. The *Tribune* and CLTV share a newsroom that also serves as a studio for CLTV. In addition, *The Chicago Tribune* has cross-promoted and created multimedia joint advertising packages for CLTV, The *Tribune*, WGN-TV, and WGN radio.<sup>6</sup>

*The San Jose Mercury News* (owned by Knight-Ridder), five dailies owned by Contra Costa Newspapers, and KPIX-TV, a CBS-owned and -operated station in San Francisco, are engaged in a Web site joint venture. The arrangement

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<sup>4</sup> The information in this section was obtained from public reports, unless indicated otherwise. Appendix A presents more detailed information about these developments.

<sup>5</sup> We also include examples of cable television-newspaper cooperation because the potential for synergies between cable operators and newspapers is similar to that between television broadcasters and newspapers. Note that there is no regulatory prohibition on joint ownership of television stations and newspapers.

<sup>6</sup> "Tribune Eyeing Miami Regional News Channel," *Multichannel News*, April 10, 1995, p. 16.

involves "a combination of resources designed to enhance all of the media, including the online offerings."<sup>7</sup> Although KPIX and the newspapers will trade advertising and each will consider the other as the preferred partner for marketing events, the deal is strictly content-driven. According to Jerry Eaton, vice president and general manager of KPIX, "there really aren't revenue aspects to this deal."<sup>8</sup>

Five regional newspapers in Massachusetts, *The Lawrence Eagle Tribune*, *The Patriot Ledger*, *The Middlesex News*, *The Worcester Telegram*, and *The Evening Gazette*, as well as three nearby broadcast stations, WNEV-TV, WFSB-TV, and WLNE-TV, are part of a news association called the New England News Exchange. The New England News Exchange "provides a forum for the exchange of news and information among its members."<sup>9</sup>

*The Sun-Sentinel* and WPLG-TV have a news-sharing alliance in South Florida. Local news stories from *The Sun-Sentinel* are included five nights a week in WPLG's late newscast, with appearances by the newspaper's journalists. WPLG's three-day weather outlook appears daily in *The Sun-Sentinel*.<sup>10</sup> *The Sun-Sentinel* and WPLG-TV are also partners in a 50-50 joint venture 24-hour cable news and information channel called The South Florida Newschannel. "[P]rint journalists will be consulted and interviewed on the show [South Florida Newschannel]."<sup>11</sup>

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<sup>7</sup> "San Francisco's Latest Media Convergence," *Editor & Publisher*, April 25, 1998.

<sup>8</sup> Ibid.

<sup>9</sup> "Two CBS-Network Affiliated Television Stations Join New England News Exchange," *PR Newswire*, November 15, 1983.

<sup>10</sup> "Sun-Sentinel and WPLG Expand In-Depth News Partnership," *PR Newswire*, March 18, 1996.

<sup>11</sup> "Newspapers: More Wired than You May Think, Cable News is Suddenly Hot in Florida," *News/Inc*, October 16, 1995.

The *News & Observer* in Raleigh, NC, and CBS-affiliate WRAL-TV have "teamed up to create ncstormtrack.com, a Web site for weather buffs. It includes stories and a large database of hurricane information from the newspaper along with video, audio and animation of hurricanes from the television station." <sup>12</sup>

*The Lexington Herald-Leader* and WKYT are engaged in the operation of Kentucky Connect, a Web site. They "share news resources and each promotes the Web site." <sup>13</sup>

*The Miami-Herald* and WTVJ, an NBC-owned and -operated station in Miami, have created a partnership for promotion and resource-sharing purposes. The partnership will involve cross-promotional activities, placement of a television camera in the *Miami Herald* newsroom to allow reporters to appear on NBC6 newscasts, expense-sharing on major news stories, conducting joint surveys, and creating an online news product in both English and Spanish.<sup>14</sup>

*The Orlando Sentinel* and Time Warner jointly operate Central Florida News 13 (CF13), a 24-hour local news cable channel. "The Sentinel and CF13 will remain separate news-gathering entities, but they will share resources and story leads."<sup>15</sup> The multimedia desk in the Sentinel's newsroom "will coordinate with the news editor at the paper and the assignment desk at the channel and will also be involved with the Sentinel's online news operation."<sup>16</sup> According to John Haile, editor-in-chief of *The Orlando Sentinel*, "We're going to try to

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<sup>12</sup> "Online Newspapers as TV Stations; Study Predicts Video will Ultimately be King of the Web," *Editor & Publisher*, September 13, 1997, p. 35.

<sup>13</sup> *Ibid.*

<sup>14</sup> "Miami Herald, Local NBC Television Channel Team Up in Unique Partnership," *Miami Herald*, March 1, 1996.

<sup>15</sup> "Orlando/Cable TV: TW, 'Sentinel' Launch News Channel," *MediaWeek*, October 27, 1997.

<sup>16</sup> *Ibid.*

eliminate duplication of resources – two reporters, one print, one broadcast, covering the same story. We're undergoing a change in what the company is – from a newspaper company to a multi-media corporation with Internet, TV and newspapers." <sup>17</sup>

*The Orlando Sentinel* and WFTN, the Cox-owned ABC affiliate in Orlando, also have a news-sharing arrangement. "In addition to supplying 20 minutes of news each day to Time Warner's full service network...[S]entinel reporters work on election coverage and daily features with journalists at WFTN." <sup>18</sup>

*The Sarasota Herald Tribune* and Comcast Cable are partners in a joint venture 24-hour news channel called Sarasota News Now (SNN). <sup>19</sup> SNN's "staff of 30 is integrated into the newsroom of the Herald-Tribune, with the same editors assigning print and broadcast journalists to their stories. Some print journalists will even read news on camera." <sup>20</sup>

*The Atlanta Journal and Constitution* and Prime Cable are engaged in producing a nightly half-hour of news called The Newspaper Channel. Cox, which owns the newspaper, has constructed a "full-scale TV studio" on one of the floors of its newsroom where the cable program is produced. According to Frank Heflin, the paper's Director of Telecommunications, the concept is to "use the resources of the newspaper and select a few stories each day which can be enhanced by video." <sup>21</sup>

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<sup>17</sup> "Time Warner, Tribune Align for 24-hour News," *MediaWeek*, August 4, 1997, p. 22.

<sup>18</sup> "Surviving TV – It's About Shelf Space," *Editor & Publisher*, July 6, 1996, p. 5.

<sup>19</sup> "Showdown in Florida," *Multichannel News*, January 22, 1996, p. 30A.

<sup>20</sup> "Newspapers: More Wired than You May Think, Cable News is Suddenly Hot in Florida," *News/nc*, October 16, 1995.

<sup>21</sup> "News Finds Its Niche On Cable," *Broadcasting*, December 3, 1984, p. 66.

*The Gwinnett Daily Post*, which is launching a local news and information channel on Cablevision's system, and Northeast Gwinnett Cablevision are engaged in joint marketing efforts. Regular contributors from the print staff will appear on the local channel. The *Daily Post* will provide print advertising space for Cablevision, and will offer a free subscription to *The Gwinnett Daily Post* to each of Cablevision's subscribers.<sup>22</sup>

Chronicle Publishing<sup>23</sup> has folded together separate Internet Web pages offered by its daily newspaper, *The San Francisco Chronicle*; its television broadcast station, KRON-TV; and its 24-hour cable news channel, BayTV. The combined operation is known as SFGate, or The Gate. The principal benefits, which are still in the early stages of exploitation, are the ability to share information among, and develop complementary content for, the Web pages of the daily newspaper, television station, and cable television news service that are accessible through this new site. Thus, for example, information collected by the staff of *The San Francisco Chronicle* may appear on The Gate either via the newspaper's Web page or via KRON-TV's Web page, in similar or different form. Similarly, "readers" of the Gate may see material that has been developed originally for use in KRON-TV newscasts. These are examples of the efficiencies described above, whereby information developed for one medium can be used by another because of its public good characteristics.

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<sup>22</sup> "Ga. System, Local Paper Team Up to Launch News Channel," *Multichannel News*, February 10, 1997, p. 26.

<sup>23</sup> Most of the information in this section was obtained through interviews with employees of Chronicle Publishing or its subsidiaries.

However, The Gate is increasingly becoming more than a simple amalgam of the content of the previously separate SFGate and KRON Online Web sites. Rather, certain stories are being developed simultaneously by *The San Francisco Chronicle* and KRON-TV for use not only by the daily newspaper and the television station but also by The Gate.<sup>24</sup> Stories that might not otherwise be covered, or would be covered in a different manner, are having their coverage affected by the fact that they can be exploited by a combined Website. And material from stories appearing in the newspaper and on KRON-TV is appearing on The Gate in wholly different form.

Importantly, these developments are creating a feedback to the operations of the newspaper and television station. The cooperation engendered by the economics of the Internet site is apparently creating synergies not previously exploited between *The San Francisco Chronicle* and KRON-TV. For example, weather information developed for KRON-TV is now also published in the *Chronicle* where in the past the newspaper employed an independent weather service. This illustrates the reduction in costs from using the same information in more than one medium. A second illustration arises where the *Chronicle* and KRON-TV have both developed the same story at the same time. As a result, readers of the newspaper can see live footage and interviews on the television station while KRON-TV viewers can turn to the newspaper for in-depth reporting on the story they have seen on television. Finally, regular meetings in which the

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<sup>24</sup> This arrangement occasionally takes the form of joint decisions to develop a particular story, but more often it involves each of the outlets informing the other about the stories it is developing so that its partner can develop complementary material if it chooses to do so.

television station and newspaper managers discuss the stories they expect to be covering have become routine, facilitating cooperative and complementary newsgathering that would not otherwise be possible.

#### **IV. The Efficiencies of Joint Ownership**

##### **A. Joint Ownership Versus Affiliation**

The prior section indicates that some entities are developing new media joint ventures in an attempt to achieve some of the synergies from joint production between newspapers and television stations. Although joint ventures may be the best option available to these entities under the FCC's current ownership rules, they may be inefficient substitutes for common ownership. Joint ventures are less likely to be efficient substitutes for common ownership when there is substantial uncertainty about the value of the venture, as is true for the new media ventures being formed by newspapers and television stations. Given the inherent limitations of joint ventures, we would expect the efficiency benefits from joint production to be higher when firms are allowed to choose whether to develop new media through common ownership or through joint ventures.<sup>25</sup>

The degree of joint ownership required for firms to achieve efficiencies from joint production is a complex issue that depends on a number of factors. Although it is not possible to definitively answer the question of whether joint ventures are able to realize some or all of the synergies achieved through joint ownership, the economics literature does provide several reasons why joint ventures may be less efficient. This section describes these possible

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<sup>25</sup> The point is that the firms would choose the most efficient alternative if free to do so.



inefficiencies in the context of the information creation and dissemination businesses conducted by newspapers and television stations.

### B. Incentive Problems in Joint Ventures

A joint venture is an arrangement between two or more independent firms to combine resources to produce a product or service. Examples include many of the cooperative arrangements described in Section III.C. A joint venture confronts three classes of issues that can hinder its ability to achieve efficient joint production: (1) the costs of reaching agreement; (2) incentives to withhold private information; and (3) incentives to take actions that are not in the best interests of the joint venture.

First, participants in a joint venture must agree on a common course of action. Even if it is clear that all participants have something to gain from cooperation, they may not all agree on the best course of action. This can lead to delays, or even stalemates, as each participant attempts to influence the venture in a way that it finds more favorable.

More generally, contracts among joint venturers are costly to negotiate and write. Among the questions that must be answered are: How will resources be shared between participants' core businesses and the joint venture? How will costs and revenues be shared? How will disputes be resolved?

When the value of the joint venture is uncertain, which is typically the case with new media, the participants may need to specify conditions for a broad range of contingencies. Moreover, the venturers will typically find it necessary to erect a complex array of safeguards to ensure against opportunistic behavior --

behavior that is beneficial to an individual participant but harmful to the venture as a whole – and this is costly when the number of contingencies and the scope for opportunism are large.<sup>26</sup>

A second problem faced by the joint venture arises when the participants have private information about the value of their own productive inputs into the venture, or the value of the jointly produced product. For example, a newspaper that offers news and advertising service on its own Web page likely has better information about the benefits and costs of an online information service than a television station that uses its Web page strictly to promote its television station. Similarly, the television station likely has a better understanding of the costs of creating video content than does the newspaper. In this situation, the newspaper has an incentive to understate the value of combining video and print on the Web page in an attempt to obtain a greater share of the profits, and the television station has an incentive to over-represent the cost of supplying the video content for similar reasons.

The incentive for joint venture participants to misrepresent private information is well known from the economics literature on agency relationships

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<sup>26</sup> Oliver Williamson describes three types of safeguards commonly employed in complex contracts. First, the parties may specify a penalty and/or “severance” payment for premature termination of the venture. Second, the parties may specify a governance structure for resolving disputes. Third, the parties may specify “trading regularities” that support and signal their intentions, such as reciprocity requirements. See O.E. Williamson, *The Economic Institutions of Capitalism*, The Free Press, 1985, p. 34.

partner.<sup>30</sup> Under this type of arrangement, are each partner's incentives aligned with the joint venture? That is, will each partner take actions that maximize the profits of the venture?

The answer is likely to be no, for reasons that are well known in the economics literature. The general problem is this: If one partner "shirks" -- e.g., by purchasing lower-quality equipment, assigning its best people to other projects, or simply substituting leisure for work -- it receives all the benefits of shirking but bears only half the cost.<sup>31</sup> Thus, unless the joint venture contract specifies all of the costly decisions that each participant makes on an ongoing basis in providing inputs to the joint venture, and thereby prevents such shirking, each participant will have an incentive to under-provide quality or other productive inputs to the venture.<sup>32</sup>

The shirking problem exists even when the venturers' core businesses are unrelated to the business of the joint venture, so long as each of the participants receives a smaller share of the profits of the joint venture than the gains it receives by shirking. However, the problem is likely to be even worse when the core businesses provide services that compete either for resources or in the

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<sup>30</sup> The assumed 50-50 division of profits is arbitrary. Any division of the profits would allow us to make the points that follow.

<sup>31</sup> The meaning of "shirk" in this context is synonymous with "moral hazard" as that term is used in the economics literature. Moral hazard refers to post-contractual opportunism that arises when actions that have efficiency consequences cannot be specified in a contract so that the person taking them can choose to pursue his own private interests.

<sup>32</sup> A *complete contract* would specify each partner's input requirements for every possible contingency and, if enforceable, would eliminate the shirking problem. The shirking problem arises because it would be prohibitively costly to specify and enforce a complete contract, so that contracts are typically *incomplete*.

output market with the joint venture. For example, the television station partner may spend the bulk of its production time on its television operations even after its Web page joint venture develops substantial advertising revenues because Web page. The participants may also be reluctant to cannibalize their advertising revenues in their core businesses, leading them to shirk on quality and misrepresent their costs (and/or benefits) or both to the joint venture.

The inefficiencies of joint ventures that arise from incentives to shirk are exacerbated when the benefits of the venture are highly uncertain and one or more of the participants in the venture is risk-averse.<sup>33</sup> Under these circumstances, the design of the joint venture contract is complicated by the participants' desire for insurance along with their goal to minimize shirking. For example, suppose that the newspaper owner is risk-averse. Providing insurance to the owner of the newspaper requires that the television station receive most of the gains and bear most of the losses of the joint venture. However, a contract that gives most of the gains and losses to the television station provides little incentive for the newspaper to focus productive effort on the joint venture.

By describing the difficulties involved in forming successful joint ventures, we do not mean to suggest that alliances between newspapers and television stations do not provide benefits for consumers.<sup>34</sup> Numerous such alliances already exist, as described above. Our point is that joint ventures face difficult

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<sup>33</sup> An example of a "risk-averse" individual is one who prefers to receive \$100 with complete certainty rather than \$50 or \$150 with equal likelihood.

<sup>34</sup> There are mechanisms that help resolve some of the incentive problems raised by divergent interests and incomplete information among joint venture partners. For example, a firm may increase the effort devoted to the joint venture in order to develop a reputation as a reliable partner and thereby keep a profitable venture from dissolving.

incentive issues that can hinder efficient joint production. We now turn to an explanation of how joint ownership helps resolve some of these issues.

### C. Joint Ownership as an Alternative to Joint Ventures

The previous subsection identified three problems confronted by a joint venture: (1) the costs of reaching agreement; (2) incentives to withhold private information; and (3) incentives to take actions that are not in the best interests of the joint venture. Joint ownership has the potential to mitigate each of these problems.

Joint ownership reduces or eliminates many of the costs of reaching agreement on a common course of action. The very nature of a firm is that of a hierarchical organization in which decisionmaking and authority are delegated to specific individuals. Importantly, senior management can direct the staffs of the newspaper and the television station to cooperate in ways that benefit the entire company, even if each would prefer to take actions that benefit only its own operation. In effect, agreement on the scope of joint production is reached cheaply because management can make it happen. Dispute resolution is also quite naturally handled by the structure of authority that is already in place.<sup>35</sup>

The problem of withholding private information is also likely to be reduced within the firm because it is easier for key decisionmakers to obtain the

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<sup>35</sup> We do not mean to imply that firms do not face some of the same bargaining issues internally that partners to a joint venture confront. Our point is that a firm has governance structures already in place to deal with many of the issues that joint venture participants must specify in a complex contract.

information they need.<sup>36</sup> Some private information disappears because decisionmakers can observe more carefully and more frequently the success of each division. For example, the financial statements of the each division are informative about which strategies have and have not been successful.

More fundamentally, senior management is free to monitor the activities of each division. It would be unusual for two separate companies, especially ones that compete, to be willing to allow such unrestricted access to their operations because they would be concerned that sharing sensitive business information with each other could give their rivals an advantage.

The third difficulty confronted by a joint venture -- aligning the incentives of the participants with those of the overall venture -- may also be attenuated when the venturers comprise a single firm. A key reason that the incentives of joint venture participants are not perfectly aligned is that it is prohibitively costly to specify in the joint venture contract all the actions that each participant will take. This leaves room for opportunism, which makes the venture less efficient than it would be if all actions were contractible. Within a firm, by contrast, it may be easier for a central authority to monitor the actions performed in different divisions in developing the joint product.<sup>37</sup>

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<sup>36</sup> It is also possible that the incentives for participants to reveal private information are greater in a firm than in a joint venture. This would be true, for example, if the party with the information believes that he or she is more likely than joint venture participants to be compensated for revealing information that benefits the firm.

<sup>37</sup> Of course, a firm confronts its own issues in attempting to encourage employees to take actions that are in the best interests of the company. For example, a fixed salary with no bonus tied to the performance of the firm may provide little incentive for an employee to undertake effort that cannot be monitored by the owners of the firm. On the other hand, giving the ownership a greater share of any increase in profits (after fixed salaries are paid) provides the ownership with an incentive to work harder, both in making its own productive decisions and in monitoring employees. A useful discussion of these tradeoffs can be found in B. Holmstrom and J. Tirole,

A final set of advantages a firm has over a joint venture flows from the relationships that can develop between employees and their peers and between employees and the firm. Peer groups can yield what Oliver Williamson calls "associational gains."<sup>38</sup> The idea is that some individuals perform better when they are members of a group because they feel a responsibility to behave as "team players" working on behalf of that group. To the extent such groups are easier to form within a firm than within a joint venture, all three of the problems we have identified -- disagreement, private information, and shirking -- may be reduced.

Williamson also notes that a firm, as part of its internal incentive system, will often promote employees from within rather than hire from the outside to fill more senior positions.<sup>39</sup> It is likely to be easier for a firm than for a joint venture to use internal promotion as an incentive device for two reasons. First, firms tend to have longer histories during which more precise understandings develop between employees and management over the requirements for promotion. Second, there is more scope for disagreement within a joint venture about when promotions should occur, who should be promoted, and where salaries should be pegged.

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"The Theory of the Firm," in R. Schmalensee and R. Willig, eds., *Handbook of Industrial Organization, Volume 1*, North Holland, New York, pp. 65-78.

<sup>38</sup> See Oliver Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications*, The Free Press, New York, 1975, p. 44.

<sup>39</sup> *Ibid*, p. 77.

## V. Conclusion

Determining the relative merits of carrying out joint production within a firm or through a joint venture, and thus the optimal degree of joint ownership, is a complicated question that cannot be answered in the abstract. It is clear, however, from the trend toward increased cooperation between newspapers and television stations that their owners perceive significant benefits from coordinating operations in the provision of new media. Unfortunately, this experience does not provide a basis for determining the optimal degree of cross-ownership because entities that were not jointly owned when the cross-ownership rules were established must employ the joint venture approach.

It is clear, nonetheless, that given the potential for significant benefits from joint production, a blanket prohibition against cross-ownership between newspapers and television stations is not warranted. The appropriate treatment must balance the potential efficiencies from cross-ownership against the potential for anticompetitive effects. Such a comparison should be done, in our view, on a case-by-case basis, accounting for factors specific to the market in which the newspaper and television station compete. We believe that the efficiency benefits of such combinations are likely to dominate in many of the larger markets, where competitive concerns are likely to be small.



## Appendix A

### Examples of Television-Newspaper Cooperation

Newspaper (Owner)	Cable / Broadcast TV Station (Owner)	Web Site (Owner)	Start Date and Location	Type of Venture	Scope of Venture
Atlanta Journal and Constitution (Cox Enterprises Inc.)				Joint	"One newspaper company involved in the local cable news business is Cox Enterprises Inc., an Atlanta-based chain (which is private and separate from Cox Communications) of 21 daily newspapers. The chain hopes to launch a cable news project in all 21 of its markets. Last week, it launched a joint venture in Atlanta with Prime Cable for a nightly half-hour at 10 p.m. [The Newspaper Channel], which is immediately repeated. Cox, which owns the Atlanta Journal and Constitution, has constructed a 'full-scale TV studio' on one of the floors of its newsroom where the cable program is produced. According to Frank Heflin, the papers' director of telecommunications, the concept behind Cox's cable news projects is to 'use the resources of the newspaper and select a few stories each day which can be enhanced by video.' " <sup>1</sup>
Boston Globe	New England Cable News Channel (Hearst Corp. / Continental Cablevision) <sup>2</sup>				Boston Globe reporters make short appearances on New England Cable News, a regional 24-hour cable joint venture by Hearst and Continental Cable. <sup>3</sup>
Boston Herald	WCVB-TV	Boston Herald	1997 Boston, MA	Joint	Offer combined classified ads, but no combined news coverage on, the Herald's Web site. <sup>4</sup>

## Appendix A Continued

### Examples of Television-Newspaper Cooperation

Chicago Tribune (Tribune Co.)	ChicagoLand Television News [CLTV], 24-hour cable news channel (Tribune Co.)  WGN (Tribune Co.)		1993 Chicago, IL	Owned	<p>"Certain content and services of newspapers are quite adaptable to electronic products. Financial and TV program listings, event schedules and reviews are examples of content we've adapted to interactive forms."<sup>5</sup></p> <p>Tribune's cable channel, CLTV News, utilizes the resources of all of Tribune's Chicago-based companies.<sup>5</sup></p> <p>CLTV uses "the Chicago Tribune's newspaper reporters and facilities, as well as personnel and technology from Tribune's WHN television and radio stations."<sup>2</sup></p> <p>"[O]ne way ChicagoLand hopes to keep costs down will be through combining the newsgathering resources of the Tribune-owned Chicago Tribune and its eight suburban bureaus with the regional network's 120-person staff. Both the newspaper and the network will work side by side in one newsroom that will also serve as a studio for the channel."<sup>2</sup></p> <p>"The newspaper connection is one of a number of synergies ChicagoLand will have with other Tribune-owned properties. The cable channel will provide simulcast and delayed telecasts of noon news broadcasts by WGN-TV, Tribune's Chicago television station. The company's Chicago radio station, WGN-AM, will provide up-to-the-minute traffic reports and live coverage from neighborhood festivals and events. There are even plans for ChicagoLand to link with Tribune's</p>
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# Appendix A Continued

## Examples of Television-Newspaper Cooperation

Chicago Tribune (Tribune Co.)	ChicagoLand Television News [CLTV], 24-hour cable news channel (Tribune Co.)  WGN (Tribune Co.)		1993 Chicago, IL	Owned	<p>Chicago Cubs baseball team broadcasting live many of the games blacked out by Major League Baseball and providing late-night repeats of all weekday afternoon Cubs games." <sup>2</sup></p> <p>"ChicagoLand Television employs editors and reporters from the Chicago Tribune to offer data and insight to the regional news channel." <sup>6</sup></p> <p>"Bob Gremillion, general manager of ChicagoLand Television News, Tribune's existing cable news channel, has been given the task of exploring ways that Tribune can leverage its newspapers in order to create opportunities in television. For example, The Chicago Tribune and CLTV work closely together in Chicago. 'Because CLTV opened up this wide range of relationships, [Tribune] asked me to look at their other newspapers to figure out how they can get into television,' Gremillion said." <sup>7</sup></p> <p>"The Tribune, with its huge editorial staff, helps the channel [CLTV] in terms of newsgathering. And on the business side, the Chicago Tribune has been able to cross-promote and create multimedia joint ad packages for its various holdings, including CLTV, The Tribune, WGN-TV and WGN radio." <sup>7</sup></p>
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# Appendix A Continued

## Examples of Television-Newspaper Cooperation

Chicago Tribune (Tribune Co.)	ChicagoLand Television News [CLTV], 24-hour cable news channel (Tribune Co.)  WGN (Tribune Co.)		1993 Chicago, IL	Owned	<p>ChicagoLand TV "usually sells against other local media, including Tribune-owned properties. But CLTV, as it's known, will sometimes team up with the Chicago Tribune, the paper's Web site, WGN television and radio and the Chicago Cubs to pitch large advertisers on Tribune Company Network, a megacombined buy."<sup>3</sup></p> <p>According to Robert Carr, spokesperson for Tribune, there are "content and potential synergies in electronic delivery. Tribune already leverages its newspaper assets at its CLTV news programming venture serving ChicagoLand, as well as in its new media and online efforts."<sup>8</sup></p>
Chicago Tribune (Tribune Co.)		Chicago Tribune web site (Tribune Co.)	1996 Chicago, IL	Owned	<p>According to Owen Youngman, director of interactive media for the Tribune, "We are aggressively sharing resources not only with the newspaper, but with other Tribune business units on both the print and broadcast sides. We are as lean as we can be while still creating original content for the Web."<sup>9</sup></p> <p>The Chicago Tribune hired only 15 people to work on its Web site.<sup>9</sup></p>

# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

Evening Sun	Cable Channel 7 (Hanover Cable)		Hanover, PA		<p>The Evening Sun of Hanover, Pennsylvania "sells advertising for Cable Channel 7, a 15-minute newscast that appears hourly on Hanover Cable, one of the paper's partners. News is provided by the local radio station, the cable company's corporate sibling – and the paper's strongest competitor in the market." <sup>3</sup></p> <p>The Evening Sun began its relationship with Hanover Cable by publishing a TV guide. <sup>3</sup></p> <p>According to Edward Moss, publisher of the Evening Sun, "Companies that you used to compete with ... are now going to be your partners. [This] is all about developing partnerships that are mutually beneficial." <sup>3</sup></p>
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# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

Gwinnett Daily Post	Northeast Gwinnett Cablevision		1997 Gwinnett, GA		<p>Northeast Gwinnett Cablevision provides a free subscription to the Gwinnett Daily Post to each of its subscribers. The Gwinnett Daily Post is launching a local news and information channel on Cablevision's system. All start-up and ongoing expenses are borne by The Daily Post. The Daily Post will also provide print advertising space for Cablevision.<sup>10</sup></p> <p>"Joint marketing efforts between cable operators and daily newspapers are not uncommon, but the scope of this partnership may be unprecedented. The cable company's customers receive free newspaper subscriptions for the next five years - the length of the initial agreement between Cablevision and the Daily Post - as well as fresh, new programming."<sup>10</sup></p> <p>"[F]are on the local channel will include news - with regular contributions from the print staff - along with such revenue producers as infomercials. The Daily Post will hardly be a novice in production, as its parent company operates broadcast television stations in seven markets. While Cablevision will share in any profits from the channel, those won't roll in until the newspaper's expenses have been repaid."<sup>10</sup></p>
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## Appendix A Continued

### Examples of Television-Newspaper Cooperation

Lawrence Eagle Tribune, Patriot Ledger, Middlesex News, Worcester Telegram, Evening Gazette	WNEV-TV (New England Television Corp.) WFSB-TV (Post-Newsweek Corp.) WLNE-TV (Freedom Newspapers Inc.)		1983 Massachusetts Hartford, CT Providence, RI	Joint	In 1983, Boston's WNEV-TV designed The New England News Exchange to extend broadcast news coverage into the areas surrounding Boston. The New England News Exchange "provides a forum for the exchange of news and information among its members. The news association includes WNEV-TV, WFSB-TV and WLNE-TV and five regional newspapers in Massachusetts -- The Lawrence Eagle Tribune, The Patriot Ledger, The Middlesex News, The Worcester Telegram, and The Evening Gazette. <sup>11</sup>
Lexington Herald - Leader	WKYT-TV	Web site - Kentucky Connect <sup>4</sup>	1997 Lexington, KY	Joint	The Herald-Leader and WKYT-TV have a cross-media partnership where "they share news resources and each promote the web site." <sup>12</sup>
Miami Herald	Unspecified local TV station		1997 Miami, FL	Joint	The Miami Herald has an affiliation with a local TV station. <sup>4</sup>

# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

Miami Herald (Knight-Ridder)	WTVJ (NBC)		1996 Miami, FL		<p>"The Miami Herald (FL) and the NBC-owned/operated WTVJ Channel 6 station (FL) have announced the creation of a partnership for promotion and resource-sharing purposes. Miami Herald Publisher David Lawrence said each firm would continue to manage its own news product. He said the tieup aims to offer more complete news to viewers and readers by capitalizing on the immediacy of TV, which newspapers did not have, and the depth reporting, context and detail, which TV did not have. It would allow both firms to reach previously inaccessible people." <sup>17</sup></p> <p>"The firms will initially engage in cross-promotional activities. Beginning March 23, 1996, NBC6 evening news anchors will promote top stories running in the following day's Miami Herald, while the Herald will include a daily list of top NBC6 news features. By early Apr. 1996, an NBC6 remote TV camera will be placed in the Miami Herald newsroom to allow Miami Herald reporters to appear on NBC6 newscasts. Other activities include expense-sharing on major news stories, conducting joint surveys, and creating an online news product in both English and Spanish." <sup>17</sup></p>
New York Times	New York 1 News (Time Warner Inc.)				<p>"The New York Times does a late-night news show on Time Warner Inc.'s New York 1 News." <sup>13</sup></p>



## Appendix A Continued

### Examples of Television-Newspaper Cooperation

News & Observer	WRAL-TV	ncstormtrack.com	1997 Raleigh, NC		<p>"As the World Wide Web becomes more television-like, online newspapers will be forced to adapt TV technologies and consider new sorts of alliances with local TV stations, according to a new study [Interactive News: State of the Art] by the Radio and Television News Directors Foundation." <sup>12</sup></p> <p>"Nora Paul, a research expert and faculty member at the Poynter Institute for Media Studies, said broadcast outlets and newspapers can benefit from collaboration and sharing resources." <sup>12</sup></p> <p>"[T]he News &amp; Observer in Raleigh, NC, and CBS-affiliate WRAL-TV teamed up to create ncstormtrack.com, a Web site for weather buffs. It includes stories and a large database of hurricane information from the newspaper along with video, audio and animation of hurricanes from the television station." <sup>12</sup></p>
Orange County Register (Freedom Communications)	Orange County Newschannel		Orange County, CA		<p>The Orange County Newschannel, a 24-hour cable channel, "which despite new corporate parents, still uses reporters from the Orange County Register to complement its own newsroom." <sup>3</sup></p>
Orlando Sentinel (Tribune Co.)	WFTN (Cox Enterprises)		1995 Orlando, FL	Joint	<p>The Orlando Sentinel "has a news-sharing arrangement with Cox Enterprises' WFTN-9 and will provide news for Time-Warner's cable systems." <sup>14</sup></p> <p>"In addition to supplying 20 minutes of news each day to Time Warner's 'full service network,' that company's much publicized test of interactive cable – Sentinel reporters work on election coverage and daily features with journalists at WFTN, the Cox-owned ABC affiliate in Orlando."</p>

## Appendix A Continued

### Examples of Television-Newspaper Cooperation

Orlando Sentinel (Tribune Co.)	Central Florida News, 24-hour local news cable channel (Time Warner and The Orlando Sentinel)		1997 Central Florida	Joint	<p>In 1997, Time Warner and The Orlando Sentinel newspaper jointly launched Central Florida News 13, a 24-hour local news cable channel. "The Sentinel and CF13 will remain separate news-gathering entities, but they will share resources and story leads." CF13's staff of anchors, video journalists and on-camera crew will handle most of the reporting chores, but will use Sentinel reporters and resources to produce news reports. "Sentinel columnists and critics are being groomed to become regular contributors, while the rank-and-file editorial staff's appearances will depend on each reporter's TV skills." <sup>15</sup></p> <p>CF13 is located across the street from The Sentinel, however there will be a new 'multimedia desk' in the Sentinel's newsroom. "This desk will coordinate with the news editor at the paper and the assignment desk at the channel and will also be involved with the Sentinel's online news operation." <sup>15</sup></p> <p>CF13 "will employ 65 to 70 new news personnel. But it will also simultaneously attempt to harness the reputation and resources of the Sentinel's 350-person editorial staff to report news while promoting the Tribune paper to those who do not read it." <sup>16</sup></p> <p>According to John Haile, editor-in-chief of the Orlando Sentinel, "We're going to try to eliminate duplication of resources – two reporters, one print, one broadcast, covering the same story. We're undergoing a change in what the company is – from a newspaper company to a multi-media</p>
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## Appendix A Continued

### Examples of Television-Newspaper Cooperation

Orlando Sentinel (Tribune Co.)	Central Florida News, 24-hour local news cable channel (Time Warner and The Orlando Sentinel)		1997 Central Florida	Joint	Corporation with internet, TV and newspapers." <sup>16</sup>  CF13 is also "a vehicle that drives people to the newspaper, and readers to the news channel," said Haile. <sup>16</sup>
Philadelphia Inquirer (Knight-Ridder)	Unspecified UHF station (Tribune Co.)		1994 Philadelphia, PA		"Inquirer News Tonight shares revenue with a local Tribune-owned UHF station and sells advertising with it." <sup>3</sup>  The Philadelphia Inquirer formed KR Video, a company that produces a daily one-hour news program. "KR Video buys air time directly from a local Philadelphia television station and sells its own advertising for the show." <sup>17</sup>
Pottsville Republican	Unspecified local TV station		Pottsville, PA		The Pottsville Republican "trades promotion in its paper and its audiotex service for a daily weather report from a local TV station." <sup>3</sup>
Salt Lake Tribune (TCI)			1998		"After announcing the Kearns-Tribune acquisition, TCI said it might use at least some of the newspaper assets [Salt Lake Tribune] to experiment with electronic publishing and other possible business relationships between cable and newspaper." <sup>18</sup>  TCI "will use ownership of the paper [Salt Lake Tribune], which it must hold onto for five years, as a springboard into electronic publishing and a means to develop cable and newspaper synergies. The deal marks the first cable-operator foray into the newspaper business, although Media General, Washington Post and Gannett have crossed industry boundaries going the other way." <sup>19</sup>

# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

San Francisco Chronicle San Francisco Examiner (Chronicle Publishing Co.)	KRON-TV (Chronicle Publishing Co.)	Gate (Chronicle Publishing Co. owns a controlling interest) <sup>17</sup>	Jan-97  San Francisco, CA	Owned	<p>The San Francisco Chronicle, KRON-TV and the Gate "share content and cross-market across their print, Web and broadcast operations." <sup>4</sup></p> <p>KRON is merging its <b>web site into</b> The Gate, the Web site from the <b>San Francisco Chronicle</b> and Examiner. The Gate <b>will be getting</b> increased promotion from both KRON and BayTV, the Chronicle's 24-hour news and information cable channel. <sup>20</sup></p> <p>KRON's six online staffers will increase The Gate's staff to 22. They will work at the TV station. <sup>20</sup></p>
San Francisco Examiner (Hearst Corp.)	KTVU-TV			Joint	Editorial partnership for working on joint investigative projects. <sup>21</sup>

## Appendix A Continued

### Examples of Television-Newspaper Cooperation

<p>San Jose Mercury News (Knight Ridder)</p> <p>5 dailies (Contra Costa Newspapers)</p>	<p>KPIX-TV (CBS Inc.)</p>	<p>Mercury Center (Knight Ridder)</p> <p>Hot CoCo (Contra Costa Newspapers)</p>	<p>San Francisco, CA</p>	<p>Joint</p>	<p>KPIX is used to preview the headlines of the next day's newspapers.<sup>4</sup></p> <p>KPIX enhances newspaper's online news sites by incorporating audio and video clips of news, sports and weather coverage.<sup>4</sup></p> <p>Partnership enables KPIX to expand its coverage and enrich its newscasts with information from the newspapers and their web sites.<sup>4</sup></p> <p>According to Daniel Webster, news director of KPIX, "while broadcast television can launch a dialogue about a specific issue, newspapers are able to provide deeper coverage."<sup>4</sup></p> <p>Newspaper staffers offer expert analysis in occasional newscast appearances.<sup>4</sup></p> <p>The deal is "a combination of resources designed to enhance all of the media, including the online offerings." Even though KPIX and the newspaper will trade advertising and consider each other to be preferred partners for marketing events, the deal is strictly content-driven. According to Jerry Eaton, vice president and general manager of KPIX, "there really aren't revenue aspects to this deal."<sup>4</sup></p>
<p>Sarasota Herald Tribune (New York Times Co.)</p>	<p>Sarasota News Now (Sarasota Herald Tribune and Comcast Cable)</p>		<p>1995 Sarasota, FL</p>	<p>Joint</p>	<p>Sarasota News Now (SNN), a 24-hour news channel, was started by the Sarasota Herald Tribune, in conjunction with Comcast Cable.<sup>22</sup></p> <p>SNN's "staff of 30 is integrated into the newsroom of the Herald-Tribune, with the same editors assigning print and broadcast journalists to their stories. Some print journalists will even read news on camera."<sup>14</sup></p>

# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

Sun-Sentinel (Tribune Co.)	WPLG-TV (Washington Post Co.)		1995 South Florida	Joint	<p>In 1995, WPLG relocated its Broward County news bureau to the headquarters of the Sun-Sentinel.<sup>23</sup></p> <p>As of 1996, local news stories from the Sun-Sentinel are included five nights a week in WPLG's late newscast, with appearances by the newspaper's journalists. WPLG's three-day weather outlook appears daily in the Sun-Sentinel.<sup>23</sup></p> <p>WPLG and the Sun-Sentinel share newsroom resources.<sup>23</sup></p> <p>According to Earl Maucker, Editor of the Sun-Sentinel, "This news-sharing alliance is not only significant, it is also exciting because it gives WPLG and the Sun-Sentinel a opportunity to provide an unmatched level of coverage for our viewers and readers."<sup>23</sup></p> <p>The Sun-Sentinel and WPLG work closely together on special projects and jointly sponsor polls of South Florida residents.<sup>23</sup></p>
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# **Appendix A Continued** **Examples of Television-Newspaper Cooperation**

Sun-Sentinel (Tribune Co.)	WPLG-TV (Washington Post Co.)  South Florida Newschannel (Joint Venture of The Sun-Sentinel and WPLG)		1997	Joint	<p>In 1995, the Sun-Sentinel and WPLG announced their plans to launch a 24-hour cable news and information channel called South Florida Newschannel in 1997.<sup>23</sup></p> <p>The South Florida Newschannel will be patterned after the Tribune's ChicagoLand Television. The South Florida Newschannel will utilize the editorial capacity of WPLG's Eyewitness News and the Sun-Sentinel.<sup>6</sup></p> <p>South Florida Newschannel is a 50-50 joint venture between the Washington Post's WPLG and Tribune's Sun Sentinel. It will have approximately 100 staff members.<sup>14</sup></p> <p>"[P]rint journalists will be consulted and interviewed on the show [South Florida Newschannel]." <sup>14</sup></p>
Unspecified newspaper	Suburban Cable (Lenfest)		Pennsylvania New Jersey Delaware		<p>"[I]n exchange for providing it with local content, Lenfest, an East Coast cable company, creates for its newspaper partners a 10-minute newscast of text and photos. The product features the newspaper brand and runs continuously on the basic tier of Suburban Cable, a Lenfest subsidiary with systems in Pennsylvania, New Jersey, and Delaware."<sup>3</sup></p>

## Appendix A Continued

### Examples of Television-Newspaper Cooperation

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- <sup>22</sup> "Showdown in Florida," *Multichannel News*, January 22, 1996, p. 30A.
- <sup>23</sup> "Sun-Sentinel and WPLG Expand In-Depth News Partnership," *PR Newswire*, March 18, 1996.